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BlackRock

BlackRock Sustainable American Income Trust plc (formerly BlackRock North American Income Trust plc)

Annual Report and Financial Statements 31 October 2021

Keeping in touch

We know how important it is to receive up-to-date information about the Company. To ensure that you are kept abreast, please scan the QR code to the right of this page to visit our website. If you have a smartphone, you can activate the QR code by opening the camera on your device and pointing it at the QR code. This will then open a link to the relevant section on the Company's website. By visiting our website, you will have the opportunity to sign up to our monthly newsletter which includes our latest factsheets, market commentary, as well as upcoming events and webinars. Information about how we process personal data is contained in our privacy policy available on our website.

General enquiries about the Company should be directed to the Company Secretary at: cosec@blackrock.com

Use this QR code to take you to the Company's website where you can sign up to monthly insights and factsheets.

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Financial highlights

198.25p[1]
Ordinary share price
+42.4%[2, 3]

206.08p
NAV per ordinary share
+36.0%[2, 3]

£165.3m
Net assets

8.00p
Total dividends per share

4.0%[3]
Yield

4.06p
Revenue earnings per ordinary share
-38.9%

Percentage comparisons are year-on-year against 31 October 2020.

¹ Mid-market.
² Performance figures are calculated in Sterling terms with dividends reinvested.
³ Alternative Performance Measures. See Glossary on pages 112 to 114.

U.S. east coast railroad operator Norfolk Southern provides the portfolio with exposure to a consolidated industry with pricing power that emits roughly one third as much CO_2 as trucks in moving an equivalent amount of cargo.

PHOTO COURTESY OF NORFOLK SOUTHERN

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Why BlackRock Sustainable American Income Trust plc? (formerly BlackRock North American Income Trust plc)

Investment objective and approach

The Company's investment objective is to provide an attractive level of income together with capital appreciation over the long term in a manner consistent with the principles of sustainable investing adopted by the Company.

To achieve this outcome, we seek to identify dividend-paying companies that are Environmental, Social and Governance (ESG) Leaders, ESG Improvers or Sustainability Enablers that trade at attractive prices.

Reasons to invest

U.S. multi-cap value

The Company offers investors access to a U.S. multi-cap value portfolio with an attractive dividend and a sustainable investment approach. We believe targeting companies with quality characteristics, such as clean balance sheets and sustainable cash flows, at reasonable valuations, can potentially deliver attractive and above average risk-adjusted returns over the long term.

Sustainability

The Company seeks to deliver a superior ESG outcome versus the Russell 1000 Value Index (the Company's current reference index), by aiming for the Company's portfolio to achieve a better ESG score than the reference index and a lower carbon emissions intensity relative to the reference index.

Income

The Company offers a consistent income stream. While capital appreciation is an important component of long-term total return, income can help to serve as a buffer when volatility resurfaces in the market.

Focus on quality

The strategy has generated a record of strong returns through diverse market environments by focusing on companies with strong balance sheets. Dividend payments impose a degree of capital discipline on company management teams and can help compound equity returns over the long term.

Expertise

The Company is managed by BlackRock's US Income & Value Pillar, which is responsible for management of one of the longest tenured equity income franchises in the investment industry.

Closed-end structure

Investment trusts have an independent board of directors elected to protect shareholders' interests and enhance shareholder value. The closed-end structure means the Company does not have to sell assets to meet redemptions and can also use reserves to generate consistent dividend payments. It can also invest for the long term in a more diverse portfolio of assets.

Gearing

The Company has the ability to employ gearing to enhance returns.

aic
The Association of Investment Companies

A member of the Association of Investment Companies

Further details about the Company, including the latest Annual and half yearly financial reports, fact sheets and stock exchange announcements, are available on the website at www.blackrock.com/uk/brsa

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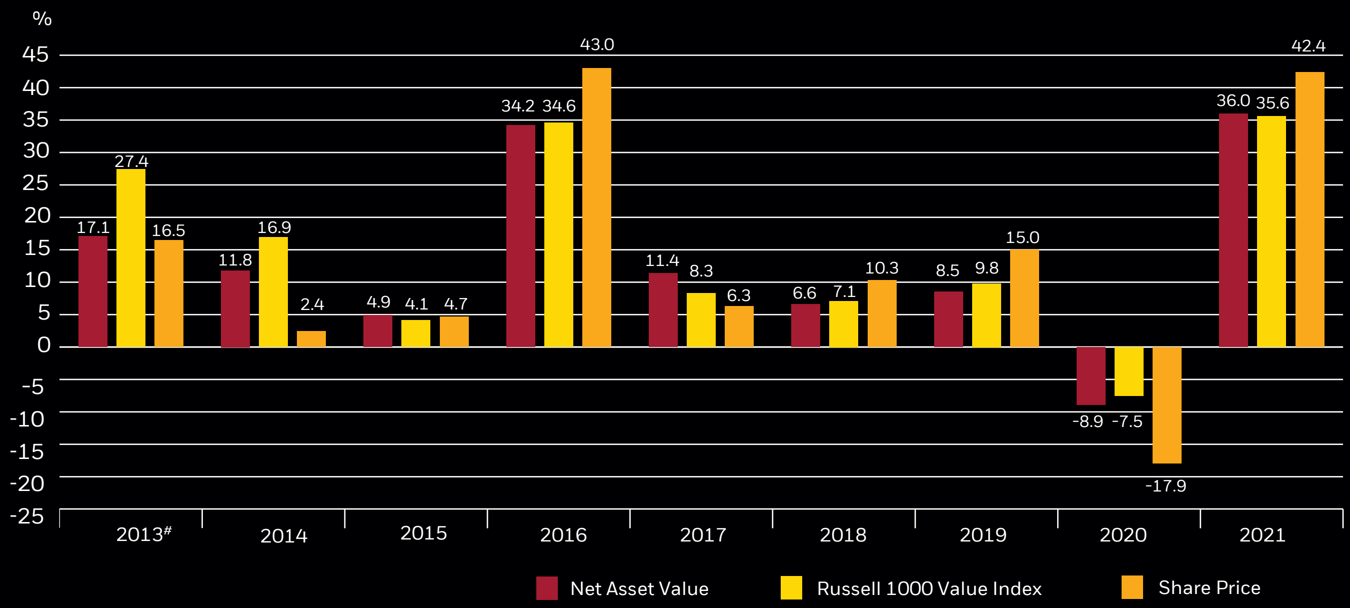
Performance record

	As at 31 October 2021	As at 31 October 2020
Net assets (£'000)[1]	165,334	126,410
Net asset value per ordinary share (pence)	206.08	158.06
Ordinary share price (mid-market) (pence)	198.25	145.50
Discount to cum income net asset value[2]	3.8%	7.9%
Russell 1000 Value Index	1647.89	1215.24
Performance (with dividends reinvested)		
Net asset value per share[2]	36.0%	(8.9%)
Ordinary share price[2]	42.4%	(17.9%)
Russell 1000 Value Index	35.6%	(7.5%)

	Year ended 31 October 2021	Year ended 31 October 2020	Change %
Revenue			
Net profit after taxation (£'000)	3,248	5,367	-39.5
Revenue earnings per ordinary share (pence)[3]	4.06	6.65	-38.9
Interim dividends (pence)			
1st interim	2.00	2.00	–
2nd interim	2.00	2.00	–
3rd interim	2.00	2.00	–
4th interim	2.00	2.00	–
Total dividends paid/payable	8.00	8.00	–

[1] The change in net assets reflects market movements, shares reissued/bought back and dividends paid during the year.
[2] Alternative Performance Measures, see Glossary on pages 112 and 113.
[3] Further details are given in the Glossary on page 114.

Annual performance since launch on 24 October 2012 to 31 October 2021



#Since launch on 24 October 2012 to 31 October 2013.
Sources: BlackRock and Datastream.
Performance figures have been calculated in Sterling terms with dividends reinvested.

Chairman's statement

Dear Shareholder

Simon Miller
Chairman

Changes to investment objective and policy

As reported in my statement in the Half Yearly Financial Report, the Board proposed in June that the Company's investment mandate be altered to incorporate explicit Environmental, Social and Governance (ESG) objectives.

I am delighted to report that shareholders overwhelmingly approved the proposals and the Company is now embarking on an exciting new chapter in its development, one your Board is convinced will bring strong investment returns over the long run and broaden its appeal to a wider audience.

The Board believed that this change in strategy was appropriate in order for the Company to remain a relevant and attractive investment opportunity for its shareholders. Approval was obtained at a General Meeting held on 29 July 2021, and since this date the Company's portfolio has changed to reflect the new objective of investing in a manner consistent with the principles of sustainable investing. The exposure to mid-cap companies has also increased and the number of portfolio holdings has reduced.

Following the policy to adopt a more active approach to gearing, with a range of 0% to 10% and a neutral level of 5% of net asset value, the Company reduced its cash holdings to become substantially fully invested and has therefore been at the lower bound of this new range. However, since the financial year-end and market uncertainty brought on by the emergence of the Omicron COVID-19 variant, the opportunity has been taken to increase the Company's gearing which at 4 February 2022 stood at 2.9%.

Performance overview

Following the COVID-19 pandemic outbreak and subsequent ramifications in 2020, the restart of economic recovery has gathered pace and Europe and other major regions are catching up with the more advanced recovery in the U.S. At the time of writing, however, the full impact of the Omicron variant remains unclear. Strong company earnings helped the stock market reach new highs early in the calendar year. Overall, companies have beaten analyst expectations on both earnings per share and revenue growth, with the latter having been particularly strong.

The Board believes that the Company now offers a more attractive investment strategy and the incorporation of explicit ESG objectives underpins this.

Against this backdrop, over the year to 31 October 2021, the Company's net asset value per share (NAV) returned 36.0%[1] and the share price returned 42.4%[1]. This compares with a rise of 35.6%[1] in the Russell 1000 Value Index. At the close of business on 4 February 2022, the Company's NAV had increased by 2.8% (with dividends reinvested) since the year end.

Revenue earnings and dividends

The Company's revenue earnings per share (EPS), based on the weighted average number of shares in issue for the year, amounted to 4.06p (2020: 6.65p), a decrease of 38.9%. Four quarterly interim dividends of 2.00p per share were paid on 29 April 2021, 2 July 2021, 1 October 2021 and 4 January 2022. This is in line with the payments made in the previous financial year. The dividend paid represents a yield of 4.0% on the share price at the year end.

Whilst the Company continues to retain a bias to high yielding value stocks, the changes to the mandate and the fact that we have stopped writing covered calls will both impact the Company's underlying income level. However, your Board considers that it remains appropriate to continue with the current enhanced dividend policy for the new financial year which will be supported through both revenue and other distributable reserves. Consequently, the Board will be seeking shareholder authority at the forthcoming Annual General Meeting to cancel the Company's share premium reserve, effectively converting it into a distributable reserve. The Board continues to believe that this dividend policy provides an attractive option for current and prospective shareholders who wish to achieve exposure to the U.S. equity market whilst at the same time receiving a competitive dividend.

Share issues and discount control

As at 4 February 2022, the Company was trading on a 5.9% discount and has largely done so since the start of 2020, reflecting the headwinds for value investing following the outbreak of the COVID-19 pandemic. However, in April 2021 the Company's shares traded at a premium, reflecting the rally in value stocks following the announcement of the success in vaccine trials and their subsequent rollout. Since this time, the discount has widened a little as growth stocks returned to favour for a time.

In November 2020, the Company purchased 190,000 ordinary shares at an average discount of 6.8% for a total cost of £295,000 including expenses. All shares purchased have been placed in treasury. Whilst the shares were trading at a premium in April 2021, the Company reissued 445,000 shares from treasury at a premium to NAV for a total gross consideration of £888,000 at an average price of 199.58p per share and an average 1.7% premium to NAV. Subsequent to the year end and up to the date of this report, no further shares have been bought back or reissued.

The Board will continue to use its authorities to issue and buy back shares when it considers it is in shareholders' interests to do so. Resolutions to renew the authorities to issue and buy back shares will be put to shareholders at the forthcoming Annual General Meeting.

[1] All percentages calculated in Sterling terms with dividends reinvested.

Engagement on governance issues

An important element of our approach to sustainable investing is an active engagement with the companies in which your Company invests.

During the year under review, the Investment Manager voted on 1,277 proposals at 85 general meetings on behalf of the Company. At these meetings the Investment Manager voted in favour of most resolutions, as should be expected when investing in well run companies, but voted against 90 (6.9%) resolutions, abstained on 2 (0.2%) and withheld 7 votes (0.5%). Most of the votes against were in respect of resolutions relating to Directors' remuneration arrangements, independence and time commitments, or to elect or remove directors, and to amend articles, which were deemed by the Investment Manager as not being in the best interests of shareholders.

Board composition

Andrew Irvine has announced his intention to retire as a Director of the Company following the Annual General Meeting in March 2022 and, accordingly, will not be seeking re-election. His contribution to the Board over the nine years since the formation of the Company has been outstanding and on behalf of both shareholders and the Board, I would like to express our appreciation.

The Board, having carefully considered its composition and need to ensure that a suitable balance of skills, knowledge, experience, independence and diversity was maintained, commenced a search and selection process at the end of 2021 to identify a new Director which is now nearing completion. It is my intention to retire at the end of the Company's financial year in October and I am delighted that Alice Ryder will succeed me as Chairman.

Outlook

The Board believes that following the changes implemented last year the Company now offers an even more attractive investment opportunity and the incorporation of explicit ESG objectives underpins this.

The outlook for U.S. equities remains uncertain, although we continue to believe that the economy will normalise during the course of the year. The year will not be without its risks and returns are expected to be lower than 2021 (the S&P 500 Index has more than doubled since 2019) with decelerating economic growth and if current inflation turns out to be more persistent than envisaged, the likelihood of further interest rate rises.

The Portfolio Managers also consider that US value investing remains a compelling opportunity given the current inflationary environment, as value stocks are likely to show much greater resilience than their more expensive growth counterparts in an environment when inflation and interest rates are rising.

Annual General Meeting (AGM)

The AGM of the Company will be held at the offices of BlackRock at 12 Throgmorton Avenue, London EC2N 2DL on Tuesday, 22 March 2022 at 12 noon. Details of the business of the meeting and attendance at the meeting are set out in the Directors' Report on pages 50 to 52. In light of the ongoing COVID-19 pandemic, shareholders are strongly encouraged to submit a proxy vote in advance of the AGM, either by completing the hard copy Form of Proxy or online by following the instructions set out in the Notice of Annual General Meeting.

Simon Miller
Chairman
8 February 2022

Investment Manager's report

Tony DeSpirito

David Zhao

Lisa Yang

A new investment approach

The year under review was marked by important changes in how the Company will be managed in the future. The Company adopted several changes to its investment strategy and was renamed the BlackRock Sustainable American Income Trust plc following shareholder approval on 29 July 2021.

We are excited by the opportunities afforded by the adoption of the new investment strategy and we moved quickly to reposition the portfolio to reflect the changes. Given the liquidity of the portfolio we were able to execute the transactions necessary very swiftly and the new portfolio is set out on pages 23 and 24.

These changes are intended to enhance the experience of existing shareholders and to increase the Company's appeal to new investors. The enhancements include evolving the Company's mandate to pursue specific sustainability objectives, expanding the Company's investment universe to include meaningful exposure to mid-cap companies, narrowing the range of portfolio holdings to 30-60 stocks, utilising structural portfolio gearing (a 5% of NAV neutral level typically with a range of 0% to 10%), and ceasing the Company's systematic use of an active options overlay strategy. Meanwhile, the Company is maintaining its primary exposure to North American equities, preserving its value investment style and focus on dividend-paying stocks and will continue to target an attractive level of income with long-term capital appreciation.

The Company's investment objective is to provide an attractive level of income with capital appreciation over the long term in a manner consistent with the principles of sustainable investing. We believe these dual objectives are best achieved through an investment approach driven by fundamental research and

Our preferred exposures within the Information Technology sector include companies with sticky revenue streams such as networking and telecommunications specialist Cisco Systems – the portfolio's largest holding at year end.

ESG analysis. Philosophically, we seek to build a high conviction portfolio of attractively priced, high-quality dividend-paying companies that are classified as either ESG Leaders, ESG Improvers or Sustainability Enablers. ESG Leaders are best-in-class companies that effectively manage environmental, social and governance factors to benefit all stakeholders. ESG Improvers are companies showing demonstratable progress on their ESG journey, where active engagements may lead to improving ESG practices and more sustainable outcomes. Finally, Sustainability Enablers are companies advancing the transition to sustainable solutions. For example, companies contributing to greater energy efficiency and a lower carbon footprint. A fuller explanation of our investment process is set out on pages 18 and 19.

Market overview

U.S. large-cap stocks, as represented by the S&P 500® Index, advanced by 42.9% in US Dollar terms for the year ended 31 October 2021. In Sterling terms, the S&P 500 appreciated by 34.8% during the year.

U.S. large-cap stocks rallied in the fourth quarter of 2020 as election clarity and the emergence of viable COVID-19 vaccines boosted investor optimism. Cyclical value stocks, those most beaten down in the COVID-19 crisis, staged a particularly strong late-year rally as financial markets anticipated an end to global lockdowns and a positive inflection in economic growth. Policymakers also continued to provide accommodative measures to combat the effects of the pandemic. This included passing the US$900 billion COVID-19 Relief Bill, an aid package signed into law in late December 2020, that provided new direct payments to Americans, as well as additional paycheck protection programme loans and unemployment benefits.

Markets encountered bouts of volatility in the early stages of 2021 but ended the first quarter on an upbeat tone, reaching all-time highs. The U.S. economy was fuelled on multiple fronts. Firstly, monetary policy support continued to persist with the Federal Reserve (the Fed) signalling its intention to keep the federal funds rate (i.e. the target interest rate for commercial bank overnight lending) near zero through at least 2023. Secondly, fiscal policy remained stimulative with the signing into law in March 2021 of the American Rescue Plan, a US$1.9 trillion fiscal stimulus package. Thirdly, further progress on vaccine supply and distribution aided a rebound in economic activity levels. These elements stayed in place for the duration of the annual reporting period and functioned as a notable tailwind for financial markets.

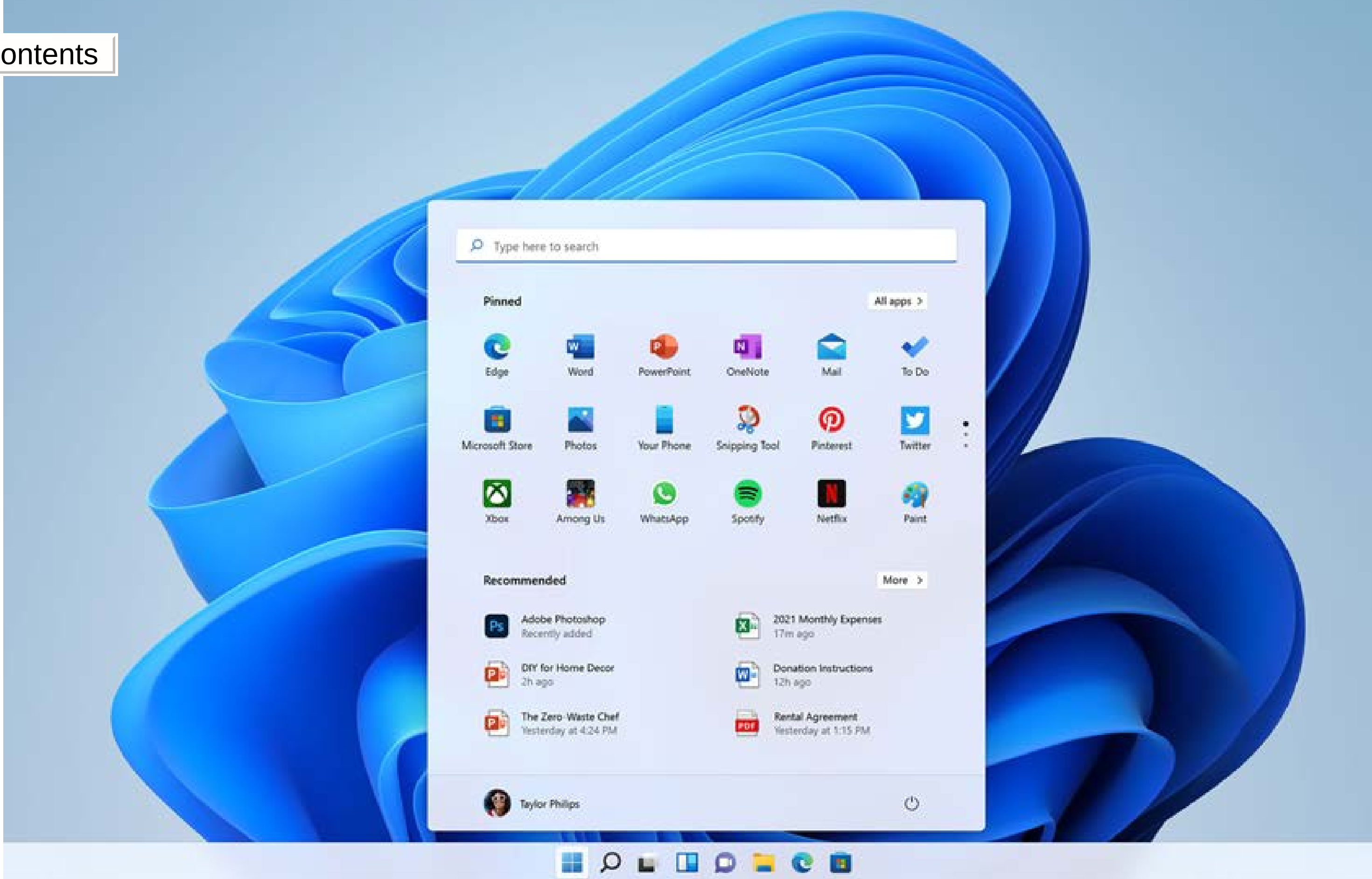
U.S. stocks extended their rally in the second and third quarters despite bouts of volatility and investor concerns related to rising inflation, supply chain bottlenecks and the emergence of new COVID-19 variants. For example, broad market indices traded lower in September as investors focused on potential systemic risks in China related to Evergrande, a debt-challenged real estate developer, before posting their strongest month of the year in October. Stronger corporate earnings were the primary driver of rising stock prices, as companies beat consensus expectations on both earnings and revenues, albeit versus easy year-on-year comparisons. Revenue growth was particularly strong, as companies flexed their pricing power in passing through higher input costs to end customers via higher prices.

Portfolio overview

For the annual period ended 31 October 2021, the Company returned 36.0% and 42.4% on a net asset value and share price basis, respectively. This compares to a 35.6% return for the reference index, the Russell 1000 Value Index. Following the adoption of the new investment strategy on 29 July the sector composition of the portfolio shifted to reflect the new approach. The table below provides a comparison of the sector split immediately prior to the changes and at the year end.

The largest contributor to relative performance was stock selection and

GICS Sector	29 July 2021 Portfolio Weight	31 October 2021 Portfolio Weight	Change
Consumer Discretionary	7.1%	11.3%	4.2%
Information Technology	10.9%	14.8%	3.9%
Materials	1.9%	3.8%	1.9%
Real Estate	0.0%	0.9%	0.9%
Utilities	4.4%	5.2%	0.8%
Financials	24.8%	25.2%	0.4%
Health Care	18.1%	18.4%	0.3%
Communication Services	6.0%	5.7%	-0.3%
Energy	6.3%	5.3%	-1.0%
Consumer Staples	6.5%	4.0%	-2.5%
Industrials	8.0%	4.9%	-3.1%
Cash	6.0%	0.5%	-5.5%



Within Information Technology, we continue to invest in software companies with capital-light business models such as Microsoft.
PHOTO COURTESY OF MICROSOFT

allocation decisions in financials. Notably, stock selection and an overweight to the banks and insurance industries proved beneficial during the period. In consumer discretionary, stock selection in the specialty retail and textiles, apparel and luxury goods industries boosted relative returns. Furthermore, stock selection and allocation decisions in industrials proved beneficial, including a combination of stock selection and allocation decisions in the industrial conglomerates and aerospace and defence industries.

The largest detractor from relative performance was stock selection and allocation decisions in real estate. Our large underweight to the sector accounted for the majority of underperformance, although stock selection in the equity real estate investment trusts (REITs) industry proved costly as well. In health care, stock selection and an overweight to the health care equipment and supplies industry proved detrimental, as did selection decisions among health care providers and services companies. Another modest detractor from relative results was stock selection among metals and mining companies within the materials sector. Lastly, the portfolio's cash allocation, which is our preferred method of defensive exposure, hurt relative performance amid sharply rising U.S. stock prices.

Writing covered call options in the portfolio enhanced the Company's income generation for the annual period. Within the context of rising U.S. stock prices, the covered call options also capped the portfolio's upside participation and ultimately weighed on absolute and relative performance. In conjunction with the changes to the Company's investment strategy at the end of July 2021, portfolio management has discontinued its use of an options overlay strategy.

Below is a comprehensive overview of our allocations (in Sterling) at the end of the period.

Consumer Discretionary: 5.7% overweight (11.3% of the portfolio)
The portfolio's largest overweight allocation is to the consumer discretionary sector and we are finding ample investment opportunities due to the strength of the U.S. consumer. The current market environment is unique as U.S. household balance sheets are strong, while consumers have historically exited recessions with limited capacity for spending due to depressed household savings and high levels of unemployment. The catalyst for this set-up is a combination of exceptionally low interest rates, direct stimulus payments, bonus unemployment, and strong stock and housing markets over the past 12 plus months. Within the sector, our preferred areas of investment include apparel, retail and firms with auto-related exposure. Disruption risks persist in the sector and we believe these risks are best mitigated through identifying stock-specific investment opportunities that either trade at discounted valuations or have business models that are somewhat insulated from disruptive pressures. For example, we believe companies such as General Motors (autos: 2.2% of the portfolio) and Ralph Lauren (apparel: 2.5% of the portfolio) offer investors exposure to underappreciated franchises at discounted valuations. Furthermore, retailers such as Lowe's Companies (home improvement: 2.3% of the portfolio) and Dollar General (dollar

U.S. banks offer a combination of strong balance sheets, attractive valuations and the potential for relative upside versus the broader market from inflation and higher interest rates.

store: 1.0% of the portfolio) provide us access to businesses that can potentially compound earnings and are more immune to disruptive forces. From a sustainability standpoint, our selection of companies includes a mix of Environmental, Social and Governance (ESG) leaders such as Gildan Activewear (1.0% of the portfolio) and Panasonic (1.8% of the portfolio), as well as ESG improvers with clear roadmaps for better ESG adherence and disclosures (i.e. General Motors' commitment to electric vehicles and Ralph Lauren's Global Citizen initiative).

Information Technology (IT): 5.0% overweight (14.8% of the portfolio)
An increasing number of companies in the technology sector are what we refer to as 'industrial tech'. These firms are competitively insulated from disruptors, well-positioned to take advantage of long-term secular tailwinds and exhibit growth in earnings and free cash flow. Strong earnings growth and free cash flow generation is also translating to an increasing number of companies paying growing dividends to shareholders. This is in stark contrast to the dot-com era where growth was often prioritised over shareholder returns. We believe this trend is poised to continue. Our preferred exposures in the sector include communications equipment and IT services companies with sticky revenue streams such as Cisco Systems (4.0% of the portfolio), Cognizant Technology Solutions (3.2% of the portfolio) and Fidelity National Information Services (1.9% of the portfolio). We also continue to invest in software companies with capital-light business models such as Microsoft (1.7% of the portfolio) and SS&C Technologies Holdings (2.8% of the portfolio). IT broadly scores well on ESG metrics given the generally lower environmental impact than other sectors, with our selection of companies including a mix of ESG leaders (Microsoft and Cisco Systems) and ESG improvers (Fidelity National Information Services and SS&C Technologies Holdings).

Financials: 3.3% overweight (25.2% of the portfolio)
Financials represent our portfolio's largest absolute sector allocation and we remain particularly bullish on companies in the banks, insurance and wealth management industries. The U.S. banks offer investors a combination of strong balance sheets (their capital levels are meaningfully higher post financial crisis), attractive valuations and the potential for relative upside versus the broader market from inflation and higher interest rates. We believe the current credit cycle is in its early stages as loan growth is starting to pick up and consumer balance sheets remain quite healthy. In our view this set-up could result in upside surprise versus consensus expectations on both growth and credit expectations over the next several years. Secondly, we continue to like insurers and insurance brokers as these companies operate relatively stable businesses and trade at attractive valuations. We categorise most of our holdings in this space as ESG improvers, with opportunities for company managements to enact stronger corporate governance and human capital development policies. Lastly, we have also identified stock specific investments in wealth management as companies such as Morgan Stanley (2.1% of the portfolio) and Charles Schwab (1.6% of the portfolio) stand out from peers due to their differentiated investment platforms, proximity to end customers and runways for long-term growth.

Health Care: 1.0% overweight (18.4% of the portfolio)
Secular growth opportunities in health care are a byproduct of demographic trends. Older populations spend more on health care than younger populations. In the United States, a combination of greater demand for health care services and rising costs, facilitates a need for increased efficiency within the health care ecosystem. We believe innovation and strong cost control can work together to address this need and companies that can contribute to this outcome may be poised to benefit. On the innovation front, we are finding

Steel producer Steel Dynamics' electric arc furnace mills use a lower-cost, less carbon-intensive process for manufacturing steel than conventional blast furnaces.

PHOTO COURTESY OF STEEL DYNAMICS

opportunities in pharmaceuticals and among companies in the health care equipment and supplies industry. We prefer to invest in pharmaceutical companies with a proven ability to generate high research and development productivity versus those that focus on one or two key drugs and rely upon raising their prices to drive growth. Outside of pharma, our search for attractively priced innovators is more stock specific as we like Alcon (1.9% of the portfolio), a leading eye care company that serves more than 140 countries, and Zimmer Biomet (2.9% of the portfolio), a manufacturer of orthopaedic implants (primarily hips and knees) that provide relief for patients with debilitating health conditions. From a cost perspective, health maintenance organisations (HMOs) have an economic incentive to drive down costs as they provide health insurance coverage to constituents. These efforts ultimately help to make health care insurance affordable to more people and the HMOs also play a substantial role in improving the access to and quality of health care its members receive. Fundamentally, we believe our holdings in the space can benefit from downward pressure on cost-trend, new membership growth and further industry consolidation over time. Furthermore, they trade at meaningfully discounted valuations versus peers, offering us an attractive risk versus reward opportunity.

Utilities: 0.3% overweight (5.2% of the portfolio)

Relative valuations for regulated utilities have become more attractive over the last year and this shift has contributed to our modest overweight in the sector. Portfolio exposures are stock specific as we are finding pockets of investment opportunity among U.S. regulated utilities, which add a level of stability and defensiveness to the portfolio through their durable earnings and dividend profiles. Our investments in the sector primarily focus on ESG leaders that have specific targets for reduction in carbon emissions and maintain significant exposure to renewables or generate power through cleaner means such as natural gas.

Materials: 0.1% overweight (3.8% of the portfolio)

Our exposure to the materials sector is stock specific. In the metals and mining industry we have positions in Steel Dynamics (1.6% of the portfolio), the fifth largest U.S. steel producer, and Newmont Corporation (1.2% of the portfolio), an advantaged gold miner that operates on the lower end of the cost curve. Both are ESG leaders in their respective disciplines. Steel Dynamics is an EAF (electric arc furnace) 'clean' steel producer and EAF mills use a lower-cost, less carbon-intensive process for manufacturing steel than conventional blast furnaces. Meanwhile, Newmont Corporation stands above its gold mining peers due to its strong governance, safety record and environmental management commitments. We also recently initiated a position in Sealed Air, a manufacturer of film packaging for perishable food and industrials/e-commerce. Sealed Air operates a high return business, has good pricing power and in our view offers a relatively stable growth outlook. From a sustainability standpoint, plastic packagers generally score poorly on waste and water stress. The key issue for plastic is how to improve circularity and management has pledged to have 100% recyclable/reusable solutions and 50% average recycled/renewable content by 2025, which is well ahead of peers.

Energy: 0.1% underweight (5.3% of the portfolio)

The Company currently invests in four energy stocks and we have a neutral weight in the sector relative to the reference index. Our focus on sustainability places a high hurdle for energy companies to be included in the portfolio, but we believe the sector remains investable, as more traditional oil & gas operators are critical in the energy transition towards less carbon intensive sources. For example, natural gas is 40% to 60% less carbon-intensive to produce and combust versus coal and oil. We view natural gas as a key 'bridge fuel' and like companies such as Woodside Petroleum (1.3% of the portfolio) and EQT (0.9% of the portfolio). Fundamentally, we generally seek to invest in attractively priced operators with good resource assets that have opportunities to improve upon environmental issues or demonstrate clear leadership in sustainability (i.e. through their exposure to renewables or commitments to net zero/carbon neutral outcomes). We also prefer to target companies with experienced management teams, low financial leverage and disciplined capex spending plans as these elements can contribute to positive free cash flow generation over time.

Communication Services: 2.1% underweight (5.7% of the portfolio)

The portfolio has an underweight to communication services. Our underweight is driven by expensive valuations and a lack of dividend payers in the entertainment and interactive media and services industries. Meanwhile, the portfolio is overweight to the diversified telecommunication services and wireless telecom services industries. Notable portfolio holdings include Verizon Communications (diversified telecom: 2.2% of the portfolio), Rogers Communications (wireless telecom: 1.7% of the portfolio), and Fox Corp (media: 1.8% of the portfolio). Verizon Communications and Rogers Communications trade at reasonable valuations, boast strong competitive positions and rank well on ESG metrics versus peers. We also like that their core businesses, operating telecom networks, can be a key enabler of smart cities of the future, with potential to reduce energy consumption and provide other social benefits. Fox Corp, meanwhile, is a leading cable news company that we believe has an underappreciated portfolio of assets. We classify the business as an ESG improver and like that management has upgraded the firm's data security controls and taken steps to improve the working environment for employees through implementation of both non-discriminatory and whistleblower policies.

Consumer Staples: 3.0% underweight (4.0% of the portfolio)

The consumer staples sector is a common destination for the conservative equity income investor. Historically, many of these companies have offered investors recognisable brands, diverse revenue streams, exposure to growing end markets and the ability to garner pricing power. These characteristics, in turn, have translated into strong and often stable free cash flow and growing dividends for shareholders. In recent years some of these secular advantages have become challenged, in our view, due to changing consumer preferences, greater end market competition from local brands and disruption from the rapid adoption of online shopping. These challenges, combined with higher than historical valuations, have facilitated our underweight positioning in the sector. Notable portfolio holdings include PepsiCo (2.1% of the portfolio), Lamb Weston Holdings (0.9% of the portfolio) and Danone (0.9% of the portfolio). We view each of these businesses as ESG leaders: PepsiCo stands out for reducing its water usage and product carbon footprint; Lamb Weston Holdings is at the forefront of implementing strong corporate governance practices; and Danone is making strides in reducing its greenhouse gas emissions, reducing its water usage, and increasing its mix of recyclable and reusable packaging.

Real Estate: 3.9% underweight (0.9% of the portfolio)

The portfolio has an underweight allocation to real estate, as we are finding few companies in the sector with both attractive valuations and strong or improving fundamentals. For example, retail REITs are facing challenges due to e-commerce and its negative impact on traditional brick and mortar retailers. Meanwhile, data center and logistics companies have strong fundamentals, but we view their valuations as unattractive. Our lone portfolio holding is SL Green Realty (0.9% of the portfolio), an office REIT with a knowledgeable management team that has successfully navigated the New York City real estate cycle and, in our view, made astute capital allocation decisions over time. SL Green Realty is the largest NYC landlord and over 90% of its office footprint is Leadership in Energy and Environmental Design (LEED) Gold or Silver certified, well above the NYC and U.S. averages. LEED is a leading rating system for sustainable and 'green' buildings and the certification is administered by the U.S. Green Building Council, a private non-profit organisation. LEED ratings range across four tiers including LEED certification, LEED Silver certification, LEED Gold certification and LEED Platinum certification.

Industrials: 6.8% underweight (4.9% of the portfolio)

The portfolio is meaningfully underweight to the industrials sector. Our selectivity is driven by relative valuations, which we view as expensive in many cases, versus other cyclical value segments of the U.S. equity market. Notable positions include Komatsu (3.0% of the portfolio), a Japanese manufacturer of construction and mining equipment, and Norfolk Southern (1.9% of the portfolio), a major U.S. east coast railroad operator. We view both companies as ESG leaders in their respective domains. Komatsu has set meaningful targets for reduced CO_2 emissions from its products by 2030 and to achieve carbon neutrality by 2050. Furthermore, Norfolk Southern provides us with exposure to a consolidated industry with pricing power that emits roughly one third as much CO_2 as trucks (the main shipping alternative), in moving an equivalent amount of cargo.

Market outlook

'Unprecedented' fittingly describes the market environment over the past 18 months. The global pandemic, the intertwined monetary-fiscal policy collaboration and the post-lockdown economic restart are all unique relative to history. The performance of U.S. stocks has followed this tone as the S&P 500 has rallied at its fastest pace in the post-Second World War era. Notably, the index doubled in 354 trading days versus the average 1,000 required to achieve such a feat, according to an August 16 CNBC analysis. Amid noisy economic data that lacks relevant historical comparisons, we believe it is important to find useful anchors for our investment convictions.

A look at earnings, fundamentals and valuations offers some helpful clues. Firstly, the composition of recent quarterly earnings speaks to corporate resilience as companies have beaten analyst expectations on both earnings per share (EPS) and revenue growth. Secondly, fundamentals indicate corporate pricing power and pent-up demand. Why? Revenue growth has been particularly strong, suggesting companies have been able to raise prices and push higher costs on to the end consumer, a reflection of pent-up demand and the consumer's willingness to pay. Thirdly, while U.S. stock valuations are high on a price-to-earnings (P/E) basis versus history, the equity risk premium[1] indicates stocks are undervalued relative to the risk versus reward they offer. All told, we remain constructive on U.S. equities, but cautious that starting points matter, and more muted return expectations are sensible at this stage of the recovery. We continue to believe that companies which run their businesses in a sustainable way, and which take into account all important stakeholders, can provide superior returns in the long run. Moreover, we believe our focus on both ESG leaders and ESG improvers provides a useful framework in which to capture this feature. After an extended market rally, we also believe markets are exiting a period of 'rising tides lifting all boats'. If true, selectivity could play a greater role in investment returns in the months ahead.

The biggest concern or risk to our market outlook is inflation, as inflation has proven to be more durable than first anticipated. Our concerns centre on inflation's potential to squeeze corporate profit margins, particularly if consumers grow less willing to pay up for goods and services. Additionally, persistently high inflation presents a more difficult challenge for Fed policymakers and it increases the risk of a potential policy mistake. We also continue to view COVID-19 as a market risk worth monitoring. Although we view the risks from current variants as manageable, we recognise that further COVID-19 upsets are possible and require a necessary measure of humility.

Tony DeSpirito, David Zhao and Lisa Yang
BlackRock Investment Management LLC
8 February 2022

[1] The equity risk premium (ERP) gauges whether investors are compensated for the greater risk in equities versus 'risk-free' government bonds. The ERP has been well above its long-term average for the past ten years, suggesting stocks are undervalued for the relative risk/reward they offer.

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Portfolio

Within the Consumer Discretionary sector, we believe General Motors offers exposure to an underappreciated franchise at a discounted valuation.

PHOTO COURTESY OF GENERAL MOTORS

Investment philosophy and process

The Investment Manager seeks to offer a stable foundation for the Company to protect and grow its assets through disciplined application of value investment principles and a focus on companies identified as Environmental, Social and Governance (ESG) Leaders, ESG Improvers and Sustainability Enablers. An overview of the Investment Manager's investment philosophy is set out below.

Investment Philosophy

We Believe: The dual objective of delivering an attractive level of income together with capital appreciation over the long term and specific, measurable ESG outcomes is best achieved through an investment approach driven by fundamental research and ESG analysis that seeks to identify attractively priced, high quality dividend-paying stocks.

We Seek: To construct a high conviction portfolio that consists of ESG Leaders, ESG Improvers and Sustainability Enablers which can provide an attractive level of income with capital appreciation over the long term in a manner consistent with the principles of sustainable investing.

Investment Approach

Investment Outcome

- Alpha through fundamental high conviction investing.
- Premium ESG score and lower carbon emissions intensity than the reference index, as measured by a leading external ratings agency.
- Active company engagement focused on improving ESG practices to promote sustainable returns.

ESG Leaders are best-in-class companies that effectively manage ESG factors to benefit all stakeholders. ESG Improvers are companies showing demonstratable progress on their ESG journey, where active engagements may lead to improving ESG practices and more sustainable outcomes. Finally, Sustainability Enablers are companies advancing the transition to sustainable solutions, for example, companies contributing to greater energy efficiency and a lower carbon footprint.

Investment Process

The Manager's investment process has three main elements including idea generation, investment research and portfolio construction. The investment process is continuous and is built to ensure the team's best investment ideas are always reflected in the portfolio.

Idea Generation:

New investment ideas are sourced from bottom-up fundamental research conducted by the Manager's research analysts and from the results of their quantitative screens. The Manager believes these two sources are complimentary and help ensure that all investment opportunities are evaluated that are consistent with its investment philosophy.

Fundamental Research:

The goal of the Manager's fundamental research process is to develop differentiated investment insights based on proprietary analysis that can be leveraged to achieve the Company's investment objectives. To help achieve this goal, a research analyst must identify the key drivers of the investment case by gathering and analysing all relevant information on the company under review, the industry in which it operates and its key competitors. Ultimately, the analyst must independently develop an informed data-driven view on each of the key drivers, translate those views into a financial model and calculate an estimated fair value for the company's stock. Just as importantly, the analyst must know where their views differ from consensus and why.

Portfolio Construction:

The Investment Manager seeks to construct a fundamentally driven, high conviction portfolio of 30 to 60 companies that can meet the Company's fundamental and sustainability investment objectives. Dividend-paying companies that are attractively valued and offer positive risk versus reward potential are preferred and portfolio management aims to take a long-term view in directing capital aggressively towards its strongest investment ideas. The Manager's investment process is illustrated in more detail below.

Idea Generation

- Investment universe: Primarily North American large and medium-cap equities, with flexibility to invest a portion of the portfolio in liquid, non-North American companies
- ESG exclusionary screens are utilised to focus and narrow the investment universe
- Leverage the best fundamental and thematic ideas from the US Income & Value research platform
- Generate a pipeline and prioritise the research agenda

Identify the best ESG and alpha opportunities in the North American market

Fundamental Research

- Assess the materiality of ESG & sustainability factors
- Evaluate key earnings drivers
- Engage with company managements on business & ESG issues
- Prepare research document with investment thesis
- Integrate the perspectives of peers across BlackRock
- Evaluate how, and over what time horizon, our insights will be reflected in the share price

Focus research on key ESG issues and share price drivers

Portfolio Construction

- Typically 30 – 60 holdings
- Portfolio gearing permitted (5% typical neutral level; 0 - 10% typical range; 20% permitted)
- Clear buy and sell disciplines for both fundamental and ESG considerations
- Monitor risks and exposures
- Emphasise stock specific risk to drive return
- Seek diversification across sector, industry, and style factors

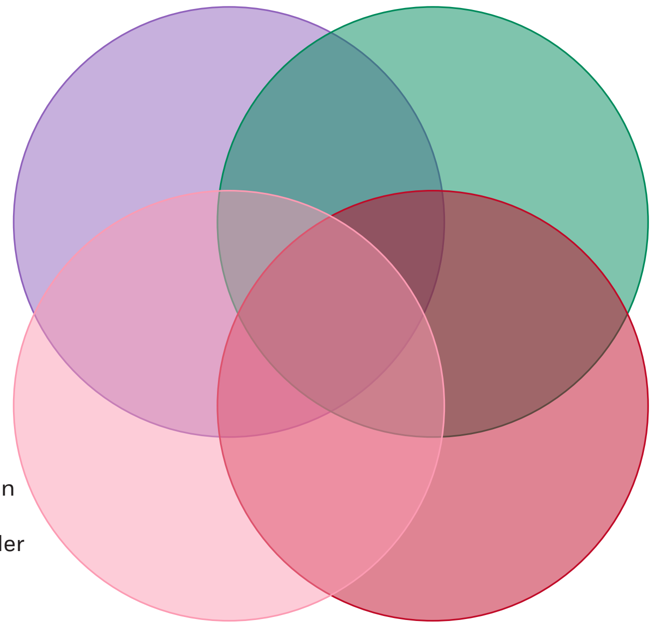
Direct capital aggressively towards our strongest ideas

The Investment Manager's ESG investment framework includes four key elements: Pursuit of alpha generation, premium ESG, company engagement and low carbon. More details are provided below.

ESG Investment Framework

Alpha Generation

Aiming to deliver Alpha[1] through fundamental high-conviction investing.



Premium ESG

Investing in companies with strong and / or improving ESG practices in seeking to achieve a better ESG score versus the reference index.

Engagement

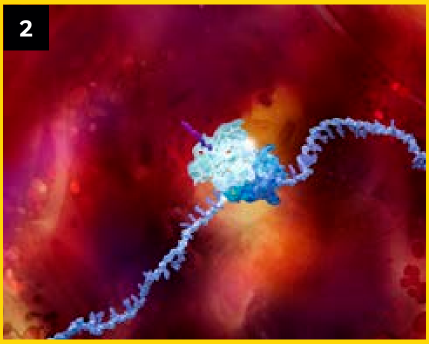
Having a constructive dialogue with companies in seeking to improve the ESG practices & stakeholder outcomes.

Low Carbon

Carbon intensity below the reference index.

For illustrative purposes only.

[1] Alpha is a term used in investing to describe an investment strategy's ability to exceed the performance of a benchmark over time.



PHOTOS COURTESY OF ASTRAZENECA, COMERICA, WELLS FARGO, COGNIZANT TECHNOLOGY SOLUTIONS, AMERICAN INTERNATIONAL GROUP.

Ten largest investments

1 ▲ Cisco Systems (2020: 41st)

Information Technology

Market value: £6,649,000
Share of investments: 4.0% (2020: 1.0%)

Cisco Systems is the world's largest networking equipment vendor, with leading positions in most of its core end markets. As one of the largest suppliers of network security solutions, the company's products help customers to enhance data security and privacy. Despite market concerns regarding competition and cloud migration, we believe they can still deliver sustainable revenue and earnings growth due to better than feared market positions, a diversified portfolio and a large existing installed base. Cisco Systems is also an ESG leader, ranking in the top quartile of its peers in terms of carbon emissions and water usage, and the company continues to push for emissions reductions including a targeted 30% decrease in supply chain-related scope 3 GHG emissions by 2030.

2 ▲ AstraZeneca (2020: 29th)

Health Care

Market value: £5,716,000
Share of investments: 3.5% (2020: 1.4%)

AstraZeneca is a diversified pharmaceutical company that conducts research & development (R&D) in high growth areas including oncology, cardiovascular diseases and immunology. They are also a leader in increasing access to health care in the developing world and we are encouraged by the aggressive stance they have taken on addressing their carbon footprint. The company has improved its R&D productivity and cost control in recent years and we believe continued strong execution by management has the potential to deliver further revenue growth and cost savings.

3 ▲ Comerica (2020: n/a)

Financials

Market value: £5,648,000
Share of investments: 3.4% (2020: n/a)

Comerica is one of the 20 largest U.S. banks and most of their business is in commercial loans. They have a strong independent risk management committee that focuses on detecting unethical behaviour and have established processes to attract and retain talent, including a focus on diversity. We see Comerica as offering us access to higher growth geographies in the U.S. and believe their significant excess capital above regulatory minimums can help them execute on their long-term goals.

Ten largest investments

continued

4 ▲ Wells Fargo (2020: 9th)

Financials

Market value: £5,374,000
Share of investments: 3.3% (2020: 2.3%)

Wells Fargo (WFC) is one of the largest U.S. banks and it operates in three segments including community banking, wholesale banking and wealth & investment management. The company has a strong deposit franchise and we like its history of strong investment returns and prudent credit risk management. While WFC has a chequered history, we believe its current management team, led by CEO Charlie Scharf (hired in October 2019), can restore the firm's reputation as a premier community bank. Operational improvements require patience, but we believe that risk and control remediation, as well as time-passed, can ultimately improve WFC's low social and governance scores. In summary, we view shares of the company as underappreciated today in an environment characterised by low credit losses and ample access to liquidity.

5 ▼ Cognizant Technology Solutions (2020: 4th)

Information Technology

Market value: £5,235,000
Share of investments: 3.2% (2020: 2.5%)

Cognizant Technology Solutions is an IT Services company with a diversified revenue base across industry verticals and geographies. As a service provider, they help enterprise and small and medium business clients to transition to cloud infrastructure, which is more efficient versus sub-scale in-house data centers. The company also exhibits strong governance as evidenced by an independent chairman, an independent majority of directors and a gender diverse board. After a period of market share loss and earnings guide-downs, we do not believe the company is structurally impaired. Rather, we see an attractive turnaround opportunity under CEO Brian Humphries (who joined the firm in April 2019).

6 ▲ Komatsu (2020: n/a)

Industrials

Market value: £4,941,000
Share of investments: 3.0% (2020: n/a)

Komatsu is a Japanese manufacturer of construction and mining equipment and a provider of aftermarket parts and services. Lax management as it relates to investment returns has left the company underperforming its potential, but we believe sales are at a cyclical trough and that forward estimates are too low (i.e. the sales recovery following the pandemic is underappreciated). From a sustainability standpoint, the company is a leader in incorporating a broad range of power sources (i.e. hybrids, hydrogen, trolley, battery-electric) in its product portfolio. Furthermore, company management has set targets to reduce CO_2 emissions from its products by 50% by 2030 and to achieve carbon neutrality by 2050.

All percentages reflect the value of the holding as a percentage of total investments.

Percentages in brackets represent the value of the holding as of 31 October 2020.

Together, the ten largest investments represent 31.7% of the Company's portfolio (31 October 2020: 26.8%).

7 ▲ Zimmer Biomet (2020: 56th)

Health Care

Market value: £4,836,000
Share of investments: 2.9% (2020: 0.7%)

Zimmer Biomet designs and manufactures implants focused on orthopaedic markets and the company's products help to provide patient relief and rehabilitation for those with debilitating health conditions. Over 90% of total hip arthroplasty and total knee arthroplasty patients indicate satisfaction. We see potential for the company to drive market share gains in its hip and knee franchises, due in part to potentially strong placements of its ROSA robotics surgery platform.

8 ▼ American International (2020: 6th)

Financials

Market value: £4,757,000
Share of investments: 2.9% (2020: 2.4%)

American International Group (AIG) is a diversified insurance company with exposure to both property casualty insurance and life insurance. AIG's business model entails pooling and diversifying risk and this includes insuring against adverse events related to climate change such as floods, hurricanes, etc. New management at AIG has spent the past several years fixing a variety of operational issues at the firm. Notably, AIG has expanded margins, increased reserves, lowered expenses and better managed catastrophe losses via improved use of reinsurance. Despite these developments, the stock still trades at an underappreciated valuation.

9 ▲ SS&C Technologies Holdings (2020: n/a)

Information Technology

Market value: £4,697,000
Share of investments: 2.8% (2020: n/a)

SS&C Technologies Holdings provides software-enabled mission critical services for the financial services industry including software for accounting, recordkeeping, regulatory reporting, investor services, etc. This is a good quality, low growth business with high levels of recurring revenue and customer retention. Regarding ESG issues, the company has begun to address some of its shortcomings including improvements in its pay practices (corporate governance).

10 ▲ Ralph Lauren (2020: n/a)

Consumer Discretionary

Market value: £4,208,000
Share of investments: 2.5% (2020: n/a)

Ralph Lauren is a leading global apparel company with solid brand momentum that trades at an attractive valuation. We think the company is pulling the right levers to maintain profit margins and brand equity, and we believe the market underestimates the company's potential for improved profit margins in the medium term. We also believe the company is poised to improve its ESG scores over time. Notably, company management recently shared an updated global citizenship and sustainability plan that includes a net zero greenhouse gas emissions target by 2040. The strategy also outlines goals for increasing racial diversity in leadership, increasing the sustainability of the clothing industry and increasing ESG disclosures. Moreover, ESG key performance indicators are now used as metrics for executive compensation, which we view as a positive step.

Investments

as at 31 October 2021

Company	Country	Sector	Securities	Market value £'000	% of total portfolio
Cisco Systems	United States	Information Technology	Ordinary shares	6,649	4.0
AstraZeneca	United Kingdom	Health Care	Ordinary shares	5,716	3.5
Comerica	United States	Financials	Ordinary shares	5,648	3.4
Wells Fargo	United States	Financials	Ordinary shares	5,374	3.3
Cognizant Technology Solutions	United States	Information Technology	Ordinary shares	5,235	3.2
Komatsu	Japan	Industrials	Ordinary shares	4,941	3.0
Zimmer Biomet	United States	Health Care	Ordinary shares	4,836	2.9
American International	United States	Financials	Ordinary shares	4,757	2.9
SS&C Technologies Holdings	United States	Information Technology	Ordinary shares	4,697	2.8
Ralph Lauren	United States	Consumer Discretionary	Ordinary shares	4,208	2.5
Anthem	United States	Health Care	Ordinary shares	4,054	2.5
Sanofi	France	Health Care	Ordinary shares	3,860	2.3
Lowe's Companies	United States	Consumer Discretionary	Ordinary shares	3,772	2.3
Verizon Communications	United States	Communication Services	Ordinary shares	3,706	2.3
Bank of America	United States	Financials	Ordinary shares	3,669	2.2
Cigna	United States	Health Care	Ordinary shares	3,661	2.2
General Motors	United States	Consumer Discretionary	Ordinary shares	3,598	2.2
PepsiCo	United States	Consumer Staples	Ordinary shares	3,459	2.1
Morgan Stanley	United States	Financials	Ordinary shares	3,401	2.1
Citigroup	United States	Financials	Ordinary shares	3,370	2.0
Quest Diagnostics	United States	Health Care	Ordinary shares	3,308	2.0
Fidelity National Information Services	United States	Information Technology	Ordinary shares	3,174	1.9
Alcon	Switzerland	Health Care	Ordinary shares	3,116	1.9
Norfolk Southern	United States	Industrials	Ordinary shares	3,079	1.9
Fox Corp	United States	Communication Services	Ordinary shares	3,023	1.8
Equinor	Norway	Energy	Ordinary shares	2,995	1.8
Panasonic	Japan	Consumer Discretionary	Ordinary shares	2,938	1.8
Invesco	United States	Financials	Ordinary shares	2,918	1.8
Willis Towers Watson	United States	Financials	Ordinary shares	2,852	1.7
Microsoft	United States	Information Technology	Ordinary shares	2,775	1.7
Rogers Communications	Canada	Communication Services	Ordinary shares	2,734	1.7
Arthur J. Gallagher & Co	United States	Financials	Ordinary shares	2,703	1.6
Steel Dynamics	United States	Materials	Ordinary shares	2,640	1.6
Charles Schwab	United States	Financials	Ordinary shares	2,627	1.6
Public Service Enterprise Group	United States	Utilities	Ordinary shares	2,511	1.5
CenterPoint Energy	United States	Utilities	Ordinary shares	2,491	1.5
Sempra	United States	Utilities	Ordinary shares	2,344	1.4
ConocoPhillips	United States	Energy	Ordinary shares	2,108	1.3

Investments

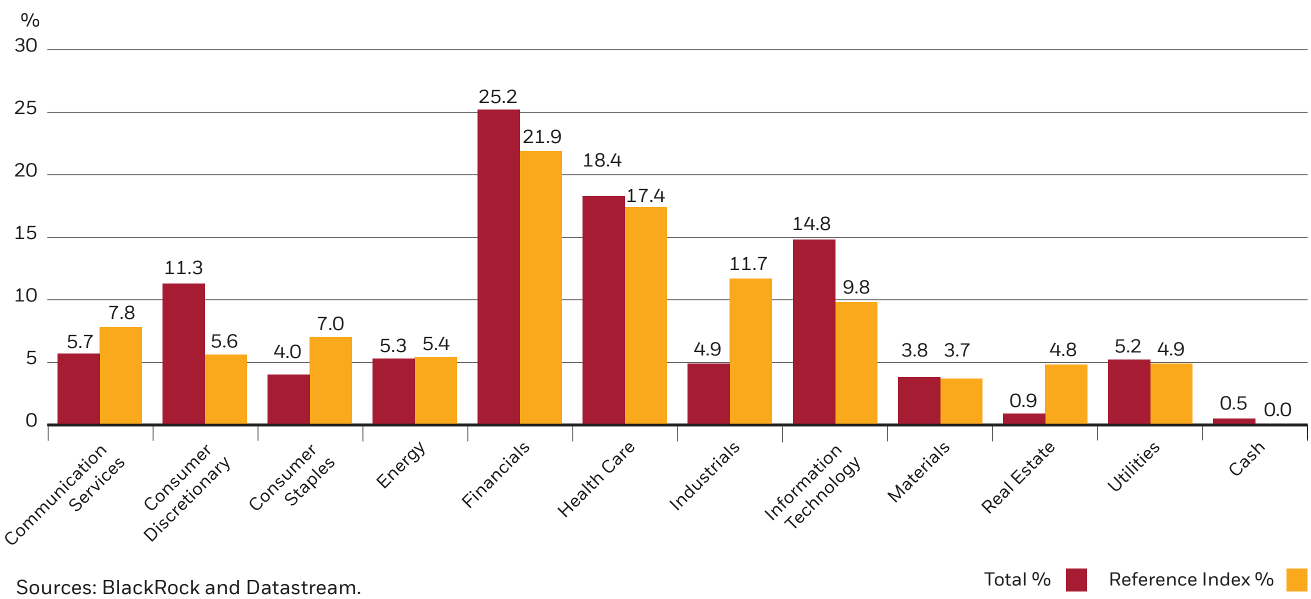
continued

Company	Country	Sector	Securities	Market value £'000	% of total portfolio
Woodside Petroleum	Australia	Energy	Ordinary shares	2,099	1.3
Novo Nordisk	Denmark	Health Care	Ordinary shares	2,063	1.3
CDK Global	United States	Information Technology	Ordinary shares	2,042	1.3
Newmont Corporation	United States	Materials	Ordinary shares	2,034	1.2
First American	United States	Financials	Ordinary shares	1,848	1.1
Sealed Air	United States	Materials	Ordinary shares	1,690	1.0
Dollar General	United States	Consumer Discretionary	Ordinary shares	1,682	1.0
Gildan Activewear	Canada	Consumer Discretionary	Ordinary shares	1,668	1.0
Danone	France	Consumer Staples	Ordinary shares	1,555	0.9
SL Green Realty	United States	Real Estate	Ordinary shares	1,532	0.9
EQT	United States	Energy	Ordinary shares	1,511	0.9
Lamb Weston Holdings	United States	Consumer Staples	Ordinary shares	1,476	0.9
Fidelity National	United States	Financials	Ordinary shares	1,448	0.9
Consolidated Edison	United States	Utilities	Ordinary shares	1,269	0.8
American Express	United States	Financials	Ordinary shares	1,239	0.8
Lear	United States	Consumer Discretionary	Ordinary shares	868	0.5
Portfolio				**164,971**	**100.0**

All investments are in ordinary shares unless otherwise stated. The number of holdings as at 31 October 2021 was 54 (31 October 2020: 78).

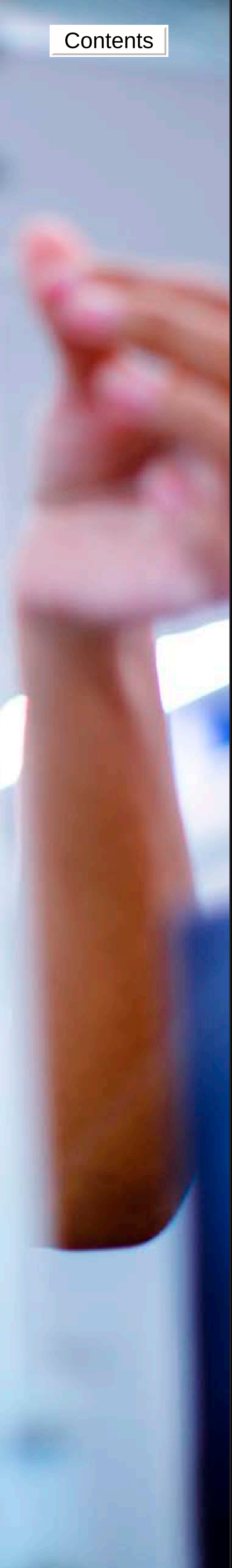
At 31 October 2021, the Company did not hold any equity interests comprising more than 3% of any company's share capital.

Distribution of investments as at 31 October 2021



Sources: BlackRock and Datastream.


GILDAN



Governance

Clothing manufacturer Gildan Activewear is an ESG leader and is committed to meaningful advances in key areas including climate, energy and water; the sourcing of sustainable raw materials; and diversity, equality and inclusion.

PHOTO COURTESY OF GILDAN ACTIVEWEAR

Governance structure

Responsibility for good governance lies with the Board. The governance framework of the Company reflects the fact that as an investment company the Company has no employees, the Directors are all non-executive and investment management and administration functions are outsourced to the Manager and other external service providers.

The Board

5 scheduled meetings per annum

Five non-executive Directors (NEDs), all independent of the Manager

Chairman: Simon Miller

Objectives:
- To determine the Company's strategy including investment policy and investment guidelines;
- To provide leadership within a framework of prudent and effective controls which enable risk to be assessed and managed and the Company's assets to be safeguarded;
- To challenge constructively and scrutinise performance of all outsourced activities; and
- To determine the Company's remuneration policy.

Audit and Management Engagement Committee

3 scheduled meetings per annum

Membership: All NEDs

Chairman: Christopher Casey

Key objectives:
- To oversee financial reporting;
- To consider the adequacy of the control environment and review the Company's risk register;
- To review the reporting of the auditors and form an opinion on the effectiveness of the external audit process;
- To review the provisions relating to whistleblowing and fraud;
- To ensure that the provisions of the investment management agreement follow industry practice, remain competitive and are in the best interests of shareholders;
- To review the performance of the Manager and Investment Manager; and
- To review other service providers.

Nomination Committee

1 scheduled meeting per annum

Membership: All NEDs

Chairman: Andrew Irvine

Key objectives:
- To review regularly the Board's structure and composition;
- To be responsible for the Board's succession planning; and
- To make recommendations for any new appointments.

Directors' biographies

Simon Miller
Chairman
Appointed 7 September 2012

Simon Miller is chairman of Hampden & Co, a non-executive Director of The Bankers Investment Trust plc and a senior independent director of STV Group plc. He was previously chairman of Brewin Dolphin Holdings PLC, JPMorgan Global Convertibles Income Fund Limited, Artemis Alpha Trust plc, JPMorgan Elect plc and Amati VCT plc.

Attendance record:
Board: 5/5
Audit and Management Engagement Committee: 3/3
Nomination Committee: 1/1

Christopher Casey FCA
Audit and Management Engagement Committee Chairman
Appointed 7 September 2012

Christopher Casey was previously a partner of KPMG LLP and its predecessor firms from 1992, having joined Peat Marwick & Mitchell in 1977. He is chairman of The European Smaller Companies Trust PLC and a director of CQS Natural Resources Growth and Income plc, Mobius Investment Trust plc and Life Settlement Assets plc.

Attendance record:
Board: 5/5
Audit and Management Engagement Committee: 3/3
Nomination Committee: 1/1

None of the Directors has a service contract with the Company. The terms of their appointment are detailed in a letter sent to them when they join the Board. These letters are available for inspection at the registered office of the Company and will be available at the Annual General Meeting.

Directors' biographies

continued

Andrew Irvine
Nomination Committee Chairman
Appointed 7 September 2012

Andrew Irvine is a past chairman of Jones Lang LaSalle Scotland and has over 35 years' experience in the field of property development and investment. He is chairman of Fidelity Special Values plc and was previously chairman of Montanaro European Smaller Companies plc. He is past chairman of Celtic Rugby and the British and Irish Lions Limited and a past president of the Scottish Rugby Union.

Attendance record:
Board: 5/5
Audit and Management Engagement Committee: 3/3
Nomination Committee: 1/1

Alice Ryder
Senior Independent Director
Appointed 12 June 2013

Alice Ryder is a partner of Stanhope Capital LLP and has more than 29 years' investment experience, comprising the last fifteen years as an investment consultant in the charity sector and as a fund manager from 1985 to 2002. She is responsible for advising substantial charity and not for profit clients at Stanhope Consulting, a division of Stanhope Capital LLP. She is also a director of JPMorgan UK Smaller Companies Investment Trust plc.

Attendance record:
Board: 5/5
Audit and Management Engagement Committee: 3/3
Nomination Committee: 1/1

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Melanie Roberts
Appointed 1 October 2019

Melanie Roberts has responsibility for sustainability, working alongside the rest of the Board and the Investment Manager. She is a partner at Sarasin & Partners LLP. She has 26 years of investment experience and joined Sarasin & Partners in 2011 where she is primarily responsible for the management of charity and pension fund portfolios. Prior to joining Sarasin & Partners, she spent 16 years at Newton Investment Management as a fund manager of charity, private client and pension fund portfolios.

Attendance record:
Board: 5/5
Audit and Management Engagement Committee: 3/3
Nomination Committee: 1/1

Strategic report

The Directors present the Strategic Report of the Company for the year ended 31 October 2021. The aim of the Strategic Report is to provide shareholders with the information to assess how the Directors have performed their duty to promote the success of the Company for the collective benefit of shareholders.

The Chairman's Statement together with the Investment Manager's Report form part of this Strategic Report. The Strategic Report was approved by the Board at its meeting on 8 February 2022.

Principal activity

The Company carries on business as an investment trust and its principal activity is portfolio investment. Investment trusts are pooled investment vehicles which allow exposure to a diversified range of assets through a single investment, thus spreading investment risk.

Objective

The Company's investment objective is to provide an attractive level of income return together with capital appreciation over the long term in a manner consistent with the principles of sustainable investing adopted by the Company.

Strategy, business model and investment policy

Strategy

The Company invests in accordance with the objective given above. The Board is collectively responsible to shareholders for the long-term success of the Company and is its governing body. There is a clear division of responsibility between the Board and BlackRock Fund Managers Limited (the Manager). Matters reserved for the Board include setting the Company's strategy, including its investment objective and policy, setting limits on gearing, capital structure, governance, and appointing and monitoring of performance of service providers, including the Manager.

Business model

The Company's business model follows that of an externally managed investment trust. Therefore, the Company does not have any employees and outsources its activities to third-party service providers including the Manager who is the principal service provider. In accordance with the Alternative Investment Fund Managers' Directive (AIFMD) the Company is an Alternative Investment Fund (AIF). BlackRock Fund Managers Limited is the Company's Alternative Investment Fund Manager.

The management of the investment portfolio and the administration of the Company have been contractually delegated to the Manager who in turn (with the permission of the Company) has delegated certain investment management and other ancillary services to BlackRock Investment Management (UK) Limited (the Investment Manager or BIM (UK)). The Manager, operating under guidelines determined by the Board, has direct responsibility for the decisions relating to the day-to-day running of the Company and is accountable to the Board for the investment, financial and operating performance of the Company.

The Company delegates fund accounting services to the Manager, which in turn sub-delegates these services to The Bank of New York Mellon (International) Limited (BNYM). Other service providers include the Depositary (also BNYM) and the Registrar, Computershare Investor Services PLC. Details of the contractual terms with the Manager and the Depositary and more details of arrangements in place governing custody services are set out in the Directors' Report.

Investment policy

The Company invests primarily in a diversified portfolio of North American* equity securities, with a focus on large-cap and medium-cap companies that pay and grow their dividends. 'North America', in accordance with the United Nations publication 'Standard Country or Area Codes for Statistical Use', means Bermuda, Canada, Greenland, Saint Pierre and Miquelon and United States of America and 'North American' shall be construed accordingly. The Company may also invest in the equity securities of companies outside North America, subject to the restrictions set out below, and may invest in securities denominated in currencies other than the official currencies of the relevant countries or areas within North America. The Company may also hold other securities from time-to-time including, inter alia, options, futures contracts, convertible securities, fixed interest securities, preference shares, non-convertible preferred stock and depositary receipts (such securities other than equity securities, together 'Other Securities'). The Company may also write covered call options in respect of its portfolio.

To achieve the Company's investment objective, the Investment Manager adopts a stock specific approach in managing the Company's portfolio, selecting investments that it believes will both increase in value over the long term and provide income. The Company does not invest in companies which are not listed, quoted or traded on an exchange at the time of investment, although it may have exposure to such companies where, following investment, the relevant securities cease to be listed, quoted or traded on an exchange. Typically, it is expected that the investment portfolio will comprise between 30 and 60 equity securities. As at 31 October 2021, there were 54 holdings in the Company's portfolio.

The Company may invest in derivatives for efficient portfolio management and in options for investment purposes and may, for investment purposes, write covered call options in respect of its portfolio. Any use of derivatives for efficient portfolio management and/or options for investment purposes is made based on the same principles of risk spreading and diversification that apply to the Company's direct investments. For the avoidance of doubt, the Company does not enter into physical or synthetic short positions or write any uncovered options.

Portfolio risk is mitigated by investing in a diversified spread of investments. In particular, the Company observes the following investment restrictions: no single investment (including for the avoidance of doubt, any single derivative instrument) at the time of investment, shall account for more than 10% of the gross asset value of the Company; no more than 25% of the gross asset value of the Company, at the time of investment, shall be invested in securities which are not deemed to be North American* securities; no more than 35% of the gross asset value of the Company, at the time of investment, shall be exposed to any one sector; no more than 20% of the gross asset value of the Company, at the time of investment, shall be invested in Other Securities; and no more than 20% of the Company's portfolio will be under option at any given time. (*Securities may be deemed to be North American securities if: (i) the company's principal operations are conducted from North America; or (ii) the company's equity securities are listed, quoted or traded on a North American stock exchange; or (iii) the company does a substantial amount of business in North America; or (iv) the issuer of securities is included in the Company's reference index.)

In managing the Company's portfolio, the Investment Manager, in addition to other investment criteria, takes into account the environmental, social and governance (ESG) characteristics of the relevant issuers of securities and seeks to deliver a superior ESG outcome versus the reference index by aiming for the Company's portfolio to achieve: (i) a better ESG score than the reference index; and (ii) a lower carbon emissions intensity score than the reference index. The reference index is the Russell 1000 Value Index, or such other index as may be agreed by the Company and the Investment Manager to be appropriate from time to time. However, there can be no guarantee that these aims will be achieved and the ESG rating of the Company's portfolio and its carbon emission intensity score may vary.

The Investment Manager also applies a screening policy (currently the BlackRock EMEA Baseline Screens policy) at the time of investment through which it seeks to limit and/or exclude direct investment (as applicable) in companies which, in the opinion of the Investment Manager, have exposure to, or ties with, certain sectors (in some cases subject to specific revenue thresholds) including but not limited to: (i) the production of certain types of controversial weapons; (ii) the distribution or production of firearms or small arms ammunition intended for retail civilians; (iii) the extraction of certain types of fossil fuel and/or the generation of power from them; (iv) the production of tobacco products or certain activities in relation to tobacco-related products; and (v) issuers which have been deemed to have failed to comply with United Nations Global Compact Principles.

Following application of the screening policy outlined above, those companies which have not yet been excluded from investment are then evaluated by the Investment Manager based on their ability to manage the risks and opportunities associated with ESG-consistent business practices and their ESG risk and opportunity credentials, such as their leadership and governance framework, which is considered essential for sustainable growth, their ability to strategically manage longer-term issues surrounding ESG and the potential impact this may have on a company's financials. To undertake the required analyses, the Investment Manager may use data provided by external ESG data providers, proprietary models and local intelligence and may undertake site visits.

Should holdings which are compliant with the screening policy applied by the Investment Manager outlined above at the time of investment subsequently become ineligible, they will be divested within a reasonable period of time. The Company may gain limited exposure (including, but not limited to, through investment in other listed closed-ended investment funds and derivatives) to issuers with exposures that do not meet the sustainable investment principles described above. Circumstances in which such exposure may arise include, but are not limited to, where a counterparty to a derivative in which the Company invests posts collateral which is inconsistent with the Company's sustainable investment principles or where a fund in which the Company invests does not apply any or the same sustainable investment principles as the Company and so provides exposure to securities which are inconsistent with the Company's sustainable investment principles. The Investment Manager may take corrective action in such circumstances.

The Company may borrow up to 20 per cent of its net asset value (calculated at the time of draw down), although typically borrowings are not expected to exceed 10 per cent of its net asset value at the time of draw down. Borrowings may be used for investment purposes. The Company has entered into an overdraft facility for this purpose. The Company may enter into interest rate hedging arrangements.

The Company's foreign currency investments are not hedged to Sterling as a matter of general policy. However, the investment team may employ currency hedging, either back to Sterling or between currencies (i.e. cross-hedging of portfolio investments).

In order to comply with the current Listing Rules, the Company also complies with the following investment restrictions (which do not form part of the Company's investment policy): the Company will not conduct any trading activity which is significant in the context of its group as a whole; and the Company will not invest more than 10% of its gross asset value in other listed closed-ended investment funds, whether managed by the Investment Manager or not, except that this restriction shall not apply to investments

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in listed closed-ended investment funds which themselves have stated investment policies to invest no more than 15% of their gross assets in other listed closed-ended investment funds.

Information regarding the Company's investment exposures is contained within the schedule of investments on pages 23 and 24. Further information regarding investment risk and activity throughout the year can be found in the Investment Manager's Report.

No material change will be made to the investment policy without the approval of shareholders by ordinary resolution.

Environmental impact
The direct impact of the Company's activities is minimal as it has no employees, premises, physical assets or operations either as a producer or a provider of goods or services. Neither does it have customers. Its indirect impact occurs through the investments that it makes and this is mitigated through BlackRock's environmental, social and governance policies.

Performance
Over the year ended 31 October 2021, the Company's net asset value returned +36.0% compared with a return of +35.6% in the Russell 1000 Value Index. The ordinary share price returned +42.4% (all percentages are calculated in Sterling terms with dividends reinvested). The Investment Manager's Report includes a review of the main developments during the year, together with information on investment activity within the Company's portfolio.

Results and dividends
The results for the Company are set out in the Statement of Comprehensive Income. The total return for the year, after taxation, was a profit of £44,734,000 (2020: loss of £13,315,000) of which the revenue return amounted to a profit of £3,248,000 (2020: £5,367,000) and the capital return amounted to a profit of £41,486,000 (2020: loss of £18,682,000).

The Company pays dividends quarterly. Four quarterly interim dividends of 2.00p per share were paid on 29 April 2021, 2 July 2021, 1 October 2021 and 4 January 2022. Total dividends of 8.00p per share were paid or declared in the year ended 31 October 2021 (2020: 8.00p).

Future prospects
The Board's main focus is to provide an attractive level of income together with capital appreciation over the long term in a manner consistent with the principles of sustainable investing. The future of the Company is dependent upon the success of the investment strategy. The outlook for the Company in the next twelve months is discussed in both the Chairman's Statement and in the Investment Manager's Report.

Social, community and human rights issues
As an investment trust with no employees, the Company has no direct social or community responsibilities or impact on the environment. However, the Company believes that it is in shareholders' interests to consider human rights issues and environmental, social and governance factors when selecting and retaining investments. Details of the Company's policy on socially responsible investment are set out on pages 61 and 62.

Modern Slavery Act
As an investment vehicle the Company does not provide goods or services in the normal course of business and does not have customers. Accordingly, the Directors consider that the Company is not required to make any slavery or human trafficking statement under the Modern Slavery Act 2015. In any event, the Board considers the Company's supply chains, dealing predominantly with professional advisers and service providers in the financial services industry, to be low risk in relation to this matter.

Directors, gender representation and employees
The Directors of the Company on 31 October 2021, all of whom held office throughout the year, are set out in the Directors' Biographies on pages 29 to 31. The Board consists of three male Directors and two female Directors. The Company does not have any executive employees.

Key performance indicators
At each Board meeting, the Directors consider a number of performance measures to assess the Company's success in achieving its objectives. The key performance indicators (KPIs) used to measure the progress and performance of the Company over time and which are comparable to other investment trusts are set out in the following table. As indicated in the footnote to the table, some of these KPIs fall within the definition of 'Alternative Performance Measures' under guidance issued by the European Securities and Markets Authority (ESMA) and additional information explaining how these are calculated is set out in the Glossary on pages 112 to 114.

Additionally, the Board regularly reviews the performance of the portfolio, as well as the net asset value and share price of the Company and compares this against various companies and indices. The Board also reviews the performance of the portfolio against the Russell 1000 Value Index. Information on the Company's performance is given in the Chairman's Statement.

	Year ended 31 October 2021	Year ended 31 October 2020
Net asset value per ordinary share	206.08p	158.06p
Ordinary share price (mid-market)	198.25p	145.50p
Net asset value total return[1]	+36.0%	-8.9%
Reference index[2]	+35.6%	-7.5%
Share price total return[1]	+42.4%	-17.9%
Dividends per share	8.00p	8.00p
Discount to cum income net asset value[3]	3.8%	7.9%
Revenue return per share	4.06p	6.65p
Ongoing charges[4]	1.06%	1.06%

1 This measures the Company's share price and NAV total return, which assumes dividends paid by the Company have been reinvested.

2 Russell 1000 Value Index, total return basis.

3 This is the difference between the share price and the NAV per share with debt at par. It is an indicator of the need for shares to be bought back or, in the event of a premium to NAV per share, issued.

4 Ongoing charges represent the management fee and all other operating expenses excluding finance costs, direct transaction costs, custody transaction charges, VAT recovered, taxation and certain non-recurring items as a % of average daily net assets.

Principal risks

The Company is exposed to a variety of risks and uncertainties. As required by the 2018 UK Corporate Governance Code (the UK Code), the Board has put in place a robust ongoing process to identify, assess and monitor the principal and emerging risks facing the Company. A core element of this process is the Company's risk register which identifies the risks facing the Company and assesses the likelihood and potential impact of each risk and the quality of controls operating to mitigate it. A residual risk rating is then calculated for each risk based on the outcome of the assessment.

The risk register, its method of preparation and the operation of key controls in BlackRock's and third-party service providers' systems of internal control, are reviewed on a regular basis by the Audit and Management Engagement Committee. In order to gain a more comprehensive understanding of BlackRock's and other third-party service providers' risk management processes and how these apply to the Company's business, BlackRock's internal audit department provides an annual presentation to the Audit Committee chairmen of the BlackRock investment trusts setting out the results of testing performed in relation to BlackRock's internal control processes. The Audit and Management Engagement Committee also periodically receives and reviews internal control reports from BlackRock and the Company's service providers.

The Board has undertaken a robust assessment of both the principal and emerging risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity. The COVID-19 pandemic has given rise to unprecedented challenges for businesses across the globe and the Board has taken into consideration the risks posed to the Company by the crisis and incorporated these into the Company's risk register. The threat of climate change has also reinforced the importance of more sustainable practices and environmental responsibility.

Emerging risks are considered by the Board as they come into view and are incorporated into the existing review of the Company's risk register. Additionally, the Manager considers emerging risks in numerous forums and the Risk and Quantitative Analysis team produces an annual risk survey. Any material risks of relevance to the Company identified through the annual risk survey will be communicated to the Board.

The Board will continue to assess these risks on an ongoing basis. In relation to the UK Code, the Board is confident that the procedures that the Company has put in place are sufficient to ensure that the necessary monitoring of risks and controls has been carried out throughout the reporting period.

The principal risks and uncertainties faced by the Company during the financial year, together with the potential effects, controls and mitigating factors are set out in the following table.

Principal Risk	Mitigation/Control
Counterparty	
The potential loss that the Company could incur if a counterparty is unable (or unwilling) to perform on its commitments.	Due diligence is undertaken before contracts are entered into and exposures are diversified across a number of counterparties. The Depositary is liable for restitution for the loss of financial instruments held in custody unless able to demonstrate the loss was a result of an event beyond its reasonable control.

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Principal Risk	Mitigation/Control
Investment performance	
Returns achieved are reliant primarily upon the performance of the portfolio. The Board is responsible for: • deciding the investment strategy to fulfil the Company's objective; and • monitoring the performance of the Investment Manager and the implementation of the investment strategy. An inappropriate investment policy may lead to: • underperformance compared to the reference index; • a reduction or permanent loss of capital; and • dissatisfied shareholders and reputational damage.	To manage this risk the Board: • regularly reviews the Company's investment mandate and long-term strategy; • has set investment restrictions and guidelines which the Investment Manager monitors and regularly reports on; • receives from the Investment Manager a regular explanation of stock selection decisions, portfolio exposure, gearing and any changes in gearing and the rationale for the composition of the investment portfolio; • monitors and maintains an adequate spread of investments in order to minimise the risks associated with particular countries or factors specific to particular sectors, based on the diversification requirements inherent in the investment policy; • receives and reviews regular reports showing an analysis of the Company's performance against the Russell 1000 Value Index and other similar indices; and • has been assured that the Investment Manager has training and development programmes in place for its employees and its recruitment and remuneration packages are developed in order to retain key staff.
Legal & Regulatory Compliance	
The Company has been approved by HM Revenue & Customs as an investment trust, subject to continuing to meet the relevant eligibility conditions, and operates as an investment trust in accordance with Chapter 4 of Part 24 of the Corporation Tax Act 2010. As such, the Company is exempt from capital gains tax on the profits realised from the sale of its investments. Any breach of the relevant eligibility conditions could lead to the Company losing investment trust status and being subject to corporation tax on capital gains realised within the Company's portfolio. In such event, the investment returns of the Company may be adversely affected. Any serious breach could result in the Company and/or the Directors being fined or the subject of criminal proceedings or the suspension of the Company's shares which would in turn lead to a breach of the Corporation Tax Act 2010. Amongst other relevant laws, the Company is required to comply with the provisions of the Companies Act 2006, the Alternative Investment Fund Managers' Directive, the UK Listing Rules, Disclosure Guidance and Transparency Rules and the Market Abuse Regulation.	The Investment Manager monitors investment movements, the level of forecast income and expenditure and the amount of proposed dividends to ensure that the provisions of Chapter 4 of Part 24 of the Corporation Tax Act 2010 are not breached. The results are reported to the Board at each meeting. Compliance with the accounting rules affecting investment trusts is also carefully and regularly monitored. The Company Secretary, Manager and the Company's professional advisers provide regular reports to the Board in respect of compliance with all applicable rules and regulations. The Board and Manager also monitor changes in government policy and legislation which may have an impact on the Company.

Principal Risk	Mitigation/Control
Market	
Market risk arises from volatility in the prices of the Company's investments. It represents the potential loss the Company might suffer through realising investments in the face of negative market movements. Changes in general economic and market conditions, such as currency exchange rates, interest rates, rates of inflation, industry conditions, tax laws, political events and trends can also substantially and adversely affect the securities and, as a consequence, the Company's prospects and share price. Market risk includes the potential impact of events which are outside the Company's control, such as the COVID-19 pandemic. Companies operating in sectors in which the Company invests may be impacted by new legislation governing climate change and environmental issues, which may have a negative impact on their valuation and share price.	The Board considers the diversification of the portfolio, asset allocation, stock selection and levels of gearing on a regular basis and has set investment restrictions and guidelines which are monitored and reported on by the Investment Manager. The Board monitors the implementation and results of the investment process with the Investment Manager. The Board also recognises the benefits of a closed-end fund structure in extremely volatile markets such as those experienced with the COVID-19 pandemic. Unlike open-ended counterparts, closed-end funds are not obliged to sell-down portfolio holdings at low valuations to meet liquidity requirements for redemptions. During times of elevated volatility and market stress, the ability of a closed-end fund structure to remain invested for the long term enables the Portfolio Managers to adhere to disciplined fundamental analysis from a bottom-up perspective and be ready to respond to dislocations in the market as opportunities present themselves. The Portfolio Managers spend a considerable amount of time understanding the ESG risks and opportunities facing investee companies and conduct research and due diligence on new investments and when monitoring investments in the portfolio.
Operational	
In common with most other investment trust companies, the Company has no employees. The Company therefore relies on the services provided by third parties and is dependent on the control systems of the Manager and BNYM (the Depositary, Custodian and Fund Accountant), which maintains the Company's assets, dealing procedures and accounting records. The security of the Company's assets, dealing procedures, accounting records and adherence to regulatory and legal requirements depend on the effective operation of the systems of these other third-party service providers. There is a risk that a major disaster, such as floods, fire, a global pandemic, or terrorist activity, renders the Company's service providers unable to conduct business at normal operating effectiveness. Failure by any service provider to carry out its obligations could have a material adverse effect on the Company's performance. Disruption to the accounting, payment systems or custody records (including cyber security risk) could prevent the accurate reporting and monitoring of the Company's financial position.	Due diligence is undertaken before contracts are entered into with third-party service providers. Thereafter, the performance of the provider is subject to regular review and reported to the Board. The Board reviews on a regular basis an assessment of the fraud risks that the Company could potentially be exposed to and also a summary of the controls put in place by the Manager, Depositary, Custodian, Fund Accountant and Registrar specifically to mitigate these risks. Most third-party service providers produce internal control reports to provide assurance regarding the effective operation of internal controls as reported on by their reporting accountants. These reports are provided to the Audit and Management Engagement Committee for review. The Committee would seek further representations from service providers if not satisfied with the effectiveness of their control environment. The Company's financial instruments held in custody are subject to a strict liability regime and, in the event of a loss of such financial instruments held in custody, the Depositary must return financial instruments of an identical type or the corresponding amount, unless able to demonstrate the loss was a result of an event beyond its reasonable control. The Board reviews the overall performance of the Manager, Investment Manager and all other third-party service providers on a regular basis and compliance with the Investment Management Agreement annually. The Board also considers the business continuity arrangements of the Company's key service providers on an ongoing basis and reviews these as part of its review of the Company's risk register. In respect of the risks posed by the COVID-19 pandemic in terms of the ability of service providers to function effectively, the Board has received reports from key service providers setting out the measures that they have put in place to address the crisis, in addition to their existing business continuity framework. Having considered these arrangements and reviewed service levels since the crisis has evolved, the Board is confident that a good level of service has and will be maintained.

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Principal Risk	Mitigation/Control
Financial	
The Company's investment activities expose it to a variety of financial risks which include market risk, counterparty credit risk, liquidity risk and the valuation of financial instruments.	Details of these risks are disclosed in note 14 to the Financial Statements, together with a summary of the policies for managing these risks.
Marketing	
Marketing efforts are inadequate or do not comply with relevant regulatory requirements. There is a failure to communicate adequately with shareholders or reach out to potential new shareholders resulting in reduced demand for the Company's shares and a widening of the discount.	The Board reviews marketing strategy and initiatives and the Manager is required to provide regular updates on progress. BlackRock has a dedicated investment trust sales team visiting both existing and potential clients on a regular basis. The Manager also devotes considerable resources marketing to self-directed private investors. Data on client meetings and issues raised are provided to the Board on a regular basis. All investment trust marketing documents are subject to appropriate review and authorisation.

Viability statement

In accordance with provision 31 of the 2018 UK Corporate Governance Code, the Directors have assessed the prospects of the Company over a longer period than the twelve months referred to by the 'Going Concern' guidelines. The Company is an investment trust with the objective of providing an attractive level of income return together with capital appreciation over the long term.

The Directors expect the Company to continue for the foreseeable future and have therefore conducted this review for a period up to the Annual General Meeting in 2025. The Directors assess viability over a rolling three-year period as they believe it best balances the Company's long-term objective, its financial flexibility and scope with the difficulty in forecasting economic conditions which could affect both the Company and its shareholders. The Company also undertakes a continuation vote every three years with the next one taking place at the forthcoming Annual General Meeting.

In making an assessment on the viability of the Company, the Board has considered the following:

- the impact of a significant fall in U.S. equity markets on the value of the Company's investment portfolio;
- the ongoing relevance of the Company's investment objective, business model and investment policy in the prevailing market;
- the principal and emerging risks and uncertainties, as set out above, and their potential impact;
- the level of ongoing demand for the Company's shares;
- the Company's share price discount/premium to NAV;
- the liquidity of the Company's portfolio; and
- the level of income generated by the Company and future income and expenditure forecasts.

The Directors have concluded that there is a reasonable expectation that the Company will continue in operation and meet its liabilities as they fall due over the period of their assessment based on the following considerations:

- the Investment Manager's compliance with the investment objective and policy, its investment strategy and asset allocation;
- the portfolio mainly comprises readily realisable assets which can be sold to meet funding requirements if necessary. As at 4 February 2022, 100% of the portfolio was estimated as being capable of being liquidated within two days;
- the operational resilience of the Company and its key service providers and their ability to continue to provide a good level of service for the foreseeable future;
- the effectiveness of business continuity plans in place for the Company and its key service providers;
- the ongoing processes for monitoring operating costs and income which are considered to be reasonable in comparison to the Company's total assets;
- the Board's discount management policy; and
- the Company is a closed-end investment company and therefore does not suffer from the liquidity issues arising from unexpected redemptions.

In addition, the Board's assessment of the Company's ability to operate in the foreseeable future is included in the Going Concern Statement which can be found in the Directors' Report.

Section 172 statement: Promoting the success of the Company

The Companies (Miscellaneous Reporting) Regulations 2018 require directors of large companies to explain more fully how they have discharged their duties under Section 172(1) of the Companies Act 2006 in promoting the success of their companies for the benefit of members as a whole. This includes the likely consequences of their decisions in the longer term and how they have taken wider stakeholders' needs into account.

The disclosure that follows covers how the Board has engaged with and understands the views of stakeholders and how stakeholders' needs have been taken into account, the outcome of this engagement and the impact that it has had on the Board's decisions. The Board considers the main stakeholders in the Company to be the Manager, Investment Manager and the shareholders. In addition to this, the Board considers investee companies and key service providers of the Company to be stakeholders; the latter comprise the Company's Custodian, Depositary, Registrar and Broker.

Stakeholders

Shareholders	Manager and Investment Manager	Other key service providers	Investee companies
Continued shareholder support and engagement are critical to the continued existence of the Company and the successful delivery of its long-term strategy. The Board is focused on fostering good working relationships with shareholders and on understanding the views of shareholders in order to incorporate them into the Board's strategy and objectives in delivering an attractive level of income return together with capital appreciation over the long term in a manner consistent with the principles of sustainable investing adopted by the Company.	The Board's main working relationship is with the Manager, who is responsible for the Company's portfolio management (including asset allocation, stock and sector selection) and risk management, as well as ancillary functions such as administration, secretarial, accounting and marketing services. The Manager has sub-delegated portfolio management to the Investment Manager. Successful management of shareholders' assets by the Investment Manager is critical for the Company to successfully deliver its investment strategy and meet its objective. The Company is also reliant on the Manager as AIFM to provide support in meeting relevant regulatory obligations under the AIFMD and other relevant legislation.	In order for the Company to function as an investment trust with a listing on the premium segment of the official list of the Financial Conduct Authority and trade on the London Stock Exchange's (LSE) main market for listed securities, the Board relies on a diverse range of advisors for support in meeting relevant obligations and safeguarding the Company's assets. For this reason, the Board considers the Company's Custodian, Depositary, Registrar and Broker to be stakeholders. The Board maintains regular contact with its key external service providers and receives regular reporting from them through the Board and Committee meetings, as well as outside of the regular meeting cycle.	Portfolio holdings are ultimately shareholders' assets and the Board recognises the importance of good stewardship and communication with investee companies in meeting the Company's investment objective and strategy. The Board monitors the Manager's stewardship arrangements and receives regular feedback from the Manager in respect of meetings with the management.

Areas of Engagement	Issue	Engagement	Impact
Investment mandate and objective	The Board has responsibility to shareholders to ensure that the Company's portfolio of assets is invested in line with the stated investment objective and in a way that ensures an appropriate balance between spread of risk and portfolio returns.	The Board worked closely with the Investment Manager throughout the year in further developing investment strategy and underlying policies in the interests of shareholders and future investors. Consultations with shareholders, undertaken in conjunction with the Company's Broker, underlined certain key elements of the investment objective and investment policy which were valued by shareholders and, following a thorough review and after careful consideration, the Board recommended that the Company's investment objective and policy be amended.	Following shareholder approval on 29 July 2021, the Company altered its investment mandate with the objective of providing an attractive level of income together with capital growth over the long term in a manner consistent with the principles of sustainable investing. As a result, the Company's investment process and its holdings have changed to comply with the new requirements. The Board believes that it has become a more attractive investment strategy with the additional alpha potential that the increased ESG integration will provide.

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Areas of Engagement	Issue	Engagement	Impact
Shareholders	Continued shareholder support and engagement are critical to the continued existence of the Company and the successful delivery of its long-term strategy.	The Board is committed to maintaining open channels of communication and to engage with shareholders. The Company welcomes and encourages attendance and participation from shareholders at its Annual General Meetings. Shareholders will have the opportunity to meet the Directors and Investment Manager and to address questions to them directly. The Investment Manager will also provide a presentation on the Company's performance and outlook. The Annual Report and Half Yearly Financial Report are available on the BlackRock website and are also circulated to shareholders. In addition, regular updates on performance, monthly factsheets, the daily NAV and other information are also published on the Manager's website at blackrock.com/uk/brsa. Unlike trading companies, one-to-one shareholder meetings normally take the form of a meeting with the Investment Manager as opposed to members of the Board. The Company's willingness to enter into discussions with institutional shareholders is also demonstrated by the programmes of institutional presentations by the Investment Manager. If shareholders wish to raise issues or concerns with the Board, they are welcome to do so at any time. The Chairman is available to meet directly with shareholders periodically to understand their views on governance and the Company's performance where they wish to do so. He may be contacted via the Company Secretary whose details are given on page 109.	The Board values any feedback and questions from shareholders ahead of and during Annual General Meetings in order to gain an understanding of their views and will take action when and as appropriate. Feedback and questions will also help the Company evolve its reporting, aiming to make reports more transparent and understandable. Feedback from all substantive meetings between the Investment Manager and shareholders will be shared with the Board. The Directors will also receive updates from the Company's Broker on any feedback from shareholders, as well as share trading activity, share price performance and an update from the Investment Manager. Portfolio holdings are ultimately shareholders' assets and the Board recognises the importance of good stewardship and communication with investee companies in meeting the Company's investment objective and strategy. The Board monitors the Manager's stewardship arrangements and receives regular feedback from the Investment Manager in respect of meetings with the management of portfolio companies.

Areas of Engagement	Issue	Engagement	Impact
Responsible investing	More than ever, the importance of good governance and consideration of sustainable investment are key factors in making investment decisions. Climate change is becoming a defining factor in companies' long-term prospects across the investment spectrum, with significant and lasting implications for economic growth and prosperity.	The Board believes that responsible investment and sustainability are important to the longer-term delivery of the Company's success. The Board works closely with the Investment Manager to regularly review the Company's performance, investment strategy and underlying policies to ensure that the Company's investment objective continues to be met in an effective and responsible way in the interests of shareholders and future investors. The Investment Manager's approach to the consideration of ESG factors in respect of the Company's portfolio, as well as the Investment Manager's engagement with investee companies to encourage the adoption of sustainable business practices which support long-term value creation, are kept under review by the Board. The Board also expects to be informed by the Manager of any sensitive voting issues involving the Company's investments. The Investment Manager reports to the Board in respect of its ESG policies and how these are integrated into the investment process; a summary of BlackRock's approach to ESG and sustainability is set out on pages 44 and 45. The Investment Manager's engagement and voting policy is detailed on page 48 and on the BlackRock website.	The Board and Investment Manager believe there is likely to be a positive correlation between strong ESG practices and investment performance over time.

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Areas of Engagement	Issue	Engagement	Impact
Discount management	The Board recognises that it is in the long-term interests of shareholders that shares do not trade at a significant discount (or premium) to their prevailing NAV. The Board believes this may be achieved by the use of share buyback powers and the issue of shares.	The Board monitors the Company's share rating on an ongoing basis and receives regular updates from the Manager and the Company's Broker regarding the level of discount. The Board believes that the best way of maintaining the share rating at an optimal level over the long term is to create demand for the shares in the secondary market. To this end, the Investment Manager is devoting considerable effort to broadening the awareness of the Company, particularly to wealth managers and to the wider retail market. In addition, the Board has worked closely with the Manager to develop the Company's marketing strategy, with the aim of ensuring effective communication with existing shareholders and to attract new shareholders to the Company in order to improve liquidity in the Company's shares and to sustain the share rating of the Company.	The Board continues to monitor the Company's discount to NAV and will look to buy back shares if it is deemed to be in the interests of shareholders as a whole. The Company's average discount for the year to 31 October 2021 was 4.8% and the discount at 4 February 2022 stood at 5.9%.
Service levels of third-party providers	The Board acknowledges the importance of ensuring that the Company's principal suppliers are providing a suitable level of service, including the Manager in respect of investment performance and delivering on the Company's investment mandate; the Custodian and Depositary in respect of their duties towards safeguarding the Company's assets; the Registrar in its maintenance of the Company's share register and dealing with investor queries; and the Company's Broker in respect of the provision of advice and acting as a market maker for the Company's shares.	The Manager reports to the Board on the Company's performance on a regular basis. The Board carries out a robust annual evaluation of the Manager's performance, their commitment and available resources. The Board performs an annual review of the service levels of all third-party service providers and concludes on their suitability to continue in their role. The Board receives regular updates from the AIFM, Depositary, Registrar and Broker on an ongoing basis. In light of the challenges presented by the COVID-19 pandemic to the operation of businesses across the globe, the Board has worked closely with the Manager to gain comfort that relevant business continuity plans are operating effectively for all of the Company's key service providers.	All performance evaluations were performed on a timely basis and the Board concluded that all key third-party service providers, including the Manager, were operating effectively and providing a good level of service. The Board has received updates in respect of business continuity planning from the Company's Manager, Custodian, Depositary, Fund Accountant, Registrar and Printer and is confident that arrangements are in place to ensure a good level of service will continue to be provided despite the impact of the COVID-19 pandemic.

Areas of Engagement	Issue	Engagement	Impact
Board composition	The Board is committed to ensuring that its own composition brings an appropriate balance of knowledge, experience and skills and that it is compliant with best corporate governance practice under the UK Code, including guidance on tenure and the composition of the Board's committees.	All Directors are subject to a formal evaluation process on an annual basis (more details and the conclusions of the 2021 evaluation process are given on page 60). All Directors stand for re-election by shareholders annually. Shareholders may attend the Annual General Meeting and raise any queries in respect of Board composition or individual Directors in person or may contact the Company Secretary or the Chairman using the details provided on page 109 with any issues. The Board is currently undertaking a review of succession planning arrangements having identified the need for a new Director. The services of an external search consultant, Cornforth Consulting Ltd, are being used to identify potential candidates.	As at the date of this report, the Board was comprised of three men and two women. Three Directors have a tenure in excess of nine years. Mr Irvine is not seeking re-election at the forthcoming Annual General Meeting and Mr Miller plans to retire as Chairman in October 2022. Details of each Director's contribution to the success and promotion of the Company are set out in the Directors' Report on page 51 and details of Directors' biographies can be found on pages 29 to 31. The Directors are not aware of any issues that have been raised directly by shareholders in respect of Board composition in the year under review. Details of the proxy voting results in favour and against individual Directors' re-election at the 2021 Annual General Meeting are given on the Manager's website at www.blackrock.com/uk/brsa.

Strategic report
continued

Sustainability and ESG

The Board's approach to ESG

The Board believes that responsible investment and sustainability are integral to the longer-term delivery of the Company's success. The Board works closely with the Investment Manager regularly to review the Company's performance, investment strategy and underlying policies to ensure that the Company's investment objective continues to be met in an effective, responsible and sustainable way in the interests of shareholders and future investors.

The Board has been mindful of the increase in demand for investment products that place a sustainable investment philosophy at their core, a trend that has accelerated in recent years. Accordingly, following a thorough review and shareholder approval at a General Meeting held on 29 July 2021, the Company's investment objective and investment policy were amended to incorporate a sustainable investment approach into the investment policy so that the Company is managed in a way which is compatible with the principles of sustainable investment. In addition, one of the Company's non-executive Directors has responsibility for sustainability, working alongside the rest of the Board and the Investment Manager.

The Company promotes environmental or social characteristics under the EU Sustainable Finance Disclosure Regulation (SFDR) and is classified as an Article 8 product. Further detail around how the Company has achieved these characteristics and objectives, including the extent of any investments that meet the EU criteria for environmentally sustainable economic activities, is included in the SFDR Review section below for the period under review.

SFDR review

From the date of application of SFDR to the Company on 29 July 2021 to 31 October 2021 (as a result of the approval by shareholders of changes to the investment objective and policy on 29 July 2021), the environmental and social characteristics being promoted by the Company were met through the application of exclusionary screens based on certain environmental and social related characteristics as set out in the Company's investment objective and policy and the AIFMD Fund Disclosures document available on the Company's website. In addition, the Company delivered a superior ESG outcome versus the reference index as measured by a leading external ratings agency, by the Company's portfolio achieving: (i) a better ESG score than the reference index; and (ii) a lower carbon emissions intensity score than the reference index. The Investment Manager remains satisfied that the underlying investments in companies continue to maintain the good governance criteria set out in the AIFMD Fund Disclosures document available on the Company's website.

Sustainable investing: BlackRock's approach

The Technical Screening Criteria (TSC) of the EU Taxonomy Regulation (Taxonomy) were finalised only on 9 December 2021 (i.e., in respect of the first two Taxonomy environmental objectives of climate change mitigation and climate change adaptation) or have not yet been developed (i.e. for the other four Taxonomy environmental objectives). These detailed criteria will require the availability of multiple, specific data points regarding each investment. During the reporting period, there was insufficient reliable, timely and verifiable data available for the Investment Manager to be able to assess investments using the TSC.

In addition, the Regulatory Technical Standards (RTS) under the SFDR, which define the methodology for the calculation of the share of environmentally sustainable investments and the templates for these disclosures are not yet in force. During the reporting period, the Investment Manager is not able to provide standardised and comparable disclosures on the Taxonomy alignments of the Company.

While there may be investments held by the Company that are in economic activities that contribute to an environmental objective and may be eligible to be assessed against the TSC, the Investment Manager was not currently in a position to describe:

1) the extent to which the investments of the Company are in economic activities that qualify as environmentally sustainable and are aligned with the Taxonomy Regulation;

2) the proportion, as a percentage of the Company's portfolio, of investments in environmentally sustainable economic activities which are aligned with the Taxonomy Regulation; or

3) the proportion, as a percentage of the Company's portfolio, of enabling and transitional activities (as described in the Taxonomy Regulation).

The Investment Manager is keeping this situation under active review and where, in its discretion, it has assessed that it has sufficient reliable, timely and verifiable data on the Company's investments, the Investment Manager will provide the descriptions referred to above, in which case the Company's prospectus or the relevant supplement will be updated. For further information please refer to https://www.blackrock.com/corporate/literature/prospectus/eu-taxonomy.pdf.

In January 2020, Larry Fink, CEO of BlackRock, wrote a letter to CEOs saying that climate change will fundamentally reshape modern finance. In addition, BlackRock announced it would make sustainability its new standard for investing, by doubling down on product innovation while also achieving full ESG integration across BlackRock's active platform. BlackRock's sustainability strategy is focused on long-term value creation. As a fiduciary asset manager, BlackRock believes that its clients should consider how climate change, policy and economic shifts will affect returns in their portfolios. BlackRock believes that climate risk is investment risk. Further, BlackRock believes that the net zero transition will reshape the real economy and financial portfolios, presenting risks and opportunities for investors.

BlackRock's strategy is built on the investment conviction that sustainability risk and climate risk are investment risks, and that integrating sustainability can help investors build more resilient portfolios and achieve better long-term, risk-adjusted returns. This investment conviction is built on a two-part thesis:

1) First, asset prices and portfolio risks do not yet fully reflect a broad set of sustainability-related considerations; and

2) Second, the market is at the front end of a significant reallocation of capital towards sustainable investing, which BlackRock believes will result in a flow of capital towards issuers and assets with positive sustainability characteristics (and away from those with negative ones). This in turn will also impact the relative pricing of risk and assets in portfolios.

BlackRock's firmwide ESG integration statement outlines how it is integrating ESG investment insights and data across its entire platform. Fund-level ESG integration statements can be found on BlackRock's product pages, or are available upon request https://www.blackrock.com/corporate/literature/publication/blk-esg-investment-statement-web.pdf.

BlackRock believes that climate change is now a defining factor in companies' long-term prospects, and that it will have a significant and lasting impact on economic growth and prosperity. BlackRock believes that climate risk is investment risk, and this will drive a profound reassessment of risk and asset values as investors seek to react to the impact of climate policy changes. This in turn is likely to drive a significant reallocation of capital away from traditional carbon intensive industries over the next decade. BlackRock also announced in January 2021 that it was committed to supporting the goal of 'net zero' (building an economy that emits no more carbon dioxide than it removes from the atmosphere) by 2050 (the scientifically established threshold necessary to keep global warming well below 2ºC). BlackRock is taking a number of steps to help investors prepare their portfolios for a net zero world, including capturing opportunities created by the net zero transition.

Investment stewardship

BlackRock also places a strong emphasis on sustainability in its stewardship activities and has engaged with companies on sustainability-related questions for a number of years. BlackRock has made an explicit ask that companies align their disclosures to the Task Force on Climate-related Financial Disclosures (TCFD) framework and the Sustainability Accounting Standards Board (SASB) standards. This includes each company's plan for operating under a scenario where the Paris Agreement's goal of limiting global warming to less than two degrees is fully realised, as expressed by the TCFD guidelines. To this end, BlackRock joined Climate Action 100+, a natural progression in its work to advance sustainable business practices aligned with TCFD. BlackRock has aligned its engagement and stewardship priorities to UN Sustainable Development Goals (including Gender Equality and Affordable and Clean Energy). BlackRock is committed to voting against management to the extent that they have not demonstrated sufficient progress on sustainability issues.

BlackRock is committed to transparency in terms of disclosure on its engagement with companies and voting rationales. During the twelve months to 30 June 2021, BlackRock held 3,000 engagements with companies based in 54 markets and voted on than 165,000 management and shareholder proposals at more than 16,000 meetings. BlackRock also voted against or withheld votes from 6,500 directors at 3,400 different companies driven by concerns regarding director independence, executive compensation, insufficient progress on board diversity, and overcommitted directors reflecting our intensified focus on sustainability risks. In the 2020-21 proxy year, BlackRock voted against 255 directors and against 319 companies for climate-related concerns that could negatively affect long-term shareholder value.

More details about BlackRock's investment stewardship process can be found on BlackRock's website at www.blackrock.com/corporate/about-us/investment-stewardship.

In terms of its own reporting, BlackRock believes that the SASB provides a clear set of standards for reporting sustainability information across a wide range of issues, from labour practices to data privacy to business ethics. For evaluating and reporting climate-related risks, as well as the related governance issues that are essential to managing them, the TCFD provides a valuable framework. BlackRock recognises that reporting to these standards requires significant time, analysis, and effort. BlackRock's own SASB-aligned disclosure is available on its website at: www.blackrock.com/corporate/literature/continuous-disclosure-and-important-information/blackrock-2020-sasb-disclosure.pdf and BlackRock is committed to publishing a detailed TCFD-aligned report in 2022 on its 2021 activities.

By order of the Board

CAROLINE DRISCOLL
For and on behalf of
BlackRock Investment Management (UK) Limited
Company Secretary
8 February 2022

Directors' report

The Directors present the Annual Report and Financial Statements of the Company for the year ended 31 October 2021. With effect from 30 July 2021, the Company's name was changed to BlackRock Sustainable American Income Trust plc (formerly BlackRock North American Income Trust plc).

Status of the Company

The Company is domiciled in the United Kingdom. The Company is a public company limited by shares and is also an investment company under Section 833 of the Companies Act 2006 and operates as such. It is not a close company and has no employees.

The Company has been approved by HM Revenue & Customs (HMRC) as an investment trust in accordance with Sections 1158 and 1159 of the Corporation Tax Act 2010, subject to the Company continuing to meet eligibility conditions. The Directors are of the opinion that the Company has conducted its affairs in a manner which will satisfy the conditions for continued approval.

As an investment company that is managed and marketed in the United Kingdom, the Company is an Alternative Investment Fund (AIF) falling within the scope of, and subject to the requirements of, the Alternative Investment Fund Managers' Directive (AIFMD). The Company is governed by the provisions of the European Union (Alternative Investment Fund Managers) Regulations 2013 (the Regulations) and must comply with a number of obligations, including the appointment of an Alternative Investment Fund Manager (AIFM) and a depositary to carry out certain functions. The AIFM must also comply with the Regulations in respect of leverage, outsourcing, conflicts of interest, risk management, valuation, remuneration and capital requirements and must also make additional disclosures to both shareholders and the FCA. Further details are set out on the Company's website at blackrock.com/uk/brsa, the Regulatory Disclosures section on pages 110 and 111 and in the notes to the Financial Statements.

The Company's shares are eligible for inclusion in the stocks and shares component of an Individual Savings Account (ISA).

Facilitating retail investments

The Company currently conducts its affairs so that the shares issued by the Company can be recommended by independent financial advisers to ordinary retail investors in accordance with the FCA's rules in relation to non-mainstream pooled investments and intends to continue to do so for the foreseeable future. The shares are excluded from the FCA's restrictions which apply to non-mainstream pooled investments because they are shares in an investment trust.

The Common Reporting Standard

Tax legislation under the Organisation for Economic Cooperation and Development (OECD) Common Reporting Standard for Automatic Exchange of Financial Account Information (the Common Reporting Standard) was introduced on 1 January 2016.

The legislation requires investment trust companies to provide personal information to HMRC about investors who purchase shares in investment trusts. As an affected company, BlackRock Sustainable American Income Trust plc has to provide information annually to the local tax authority on the tax residencies of a number of non-UK based certification shareholders and corporate entities. The local tax authority to which the information is initially passed may in turn exchange the information with the tax authorities of another country or countries in which the shareholder may be tax resident, where those countries (or tax authorities in those countries) have entered into agreements to exchange financial account information.

All new shareholders, excluding those whose shares are held in CREST, entered on to the share register, will be sent a certification form for the purposes of collecting this information.

GDPR

Data protection rights were harmonised across the European Union following the implementation of the General Data Protection Regulation (GDPR) on 25 May 2018. The Board has sought and received assurances from its third-party service providers that they have taken appropriate steps to ensure compliance with the regulation.

Shareholder Rights Directive II

The Shareholder Rights Directive II took effect from 10 June 2019 with some transitional provisions. It encourages long-term shareholder engagement and transparency between companies and shareholders. In substantive terms the changes are small for investment companies and the majority of requirements apply to the Company's remuneration policy and disclosure of processes, as well as related party transactions. There are also additional rules for AIFMs and proxy advisers.

Dividends

Details of dividends paid in respect of the year are set out in the Chairman's Statement.

Investment management and administration

BlackRock Fund Managers Limited (BFM) was appointed as the Company's AIFM with effect from 2 July 2014, having been authorised as an AIFM by the FCA on 1 May 2014. The management contract is terminable by either party on six months' notice. Under the agreement, the Board continues to be independent from the AIFM. The agreement provides the appropriate balance between the Board's control over the Company, its investment policies and compliance with regulatory obligations.

BlackRock Investment Management (UK) Limited (BIM (UK)) continues to act as the Company's Investment Manager under a delegation agreement with BFM. BIM (UK) also acted as the Secretary of the Company throughout the year. Up to and including 29 July 2021, the Manager received a management fee based on 0.75% of net assets per annum. With effect from 30 July 2021, the Manager receives an investment management fee which is calculated based on 0.70% of net assets per annum. Where the Company invests in other investment or cash funds managed by BlackRock, any underlying fee charged is rebated. Further details in relation to the management fee are given in note 4 to the Financial Statements.

The Manager has delegated certain of its responsibilities and functions, including its discretionary management of the Company's portfolio, to the U.S. based equity income investments' team who are employed by BlackRock Investment Management LLC (BIM LLC), a limited liability company incorporated in Delaware which is regulated by the U.S. Securities and Exchange Commission. BFM, BIM (UK) and BIM LLC are subsidiaries of BlackRock, Inc. which is a publicly traded corporation on the New York Stock Exchange operating as an independent firm.

The Company contributes to a focused investment trust sales and marketing initiative operated by BIM (UK) on behalf of the investment trusts under its management. The Company's contribution to the consortium element of the initiative, which enables the trusts to achieve efficiencies by combining certain sales and marketing activities, represents a budget of up to 0.025% per annum of its net assets (£140.2 million) as at 31 December 2020 and this contribution is matched by BIM (UK). Total fees paid or payable for the year ended 31 October 2021 amounted to £37,000 (excluding VAT) (2020: £46,000). The purpose of the programme overall is to ensure effective communication with existing shareholders and to attract new shareholders to the Company. This has the benefit of improving liquidity in the Company's shares and helps sustain the stock market rating of the Company.

Appointment of the Manager

The Board considers the arrangements for the provision of investment management and other services to the Company on an ongoing basis and a formal review is conducted annually. As part of this review, the Board considered the quality and continuity of the personnel assigned to handle the Company's affairs, the investment process and the results achieved to date.

In line with the Company's objective, the Board places most importance on the Investment Manager's ability to deliver long-term performance. In the Board's view, this is best served by the Fundamental Equities division of BlackRock's Portfolio Management Group which is responsible for the discretionary management of the Company's portfolio and has successfully steered the U.S.$21.9 billion Representative Account through bull and bear markets, outperforming its value style benchmark and the Morningstar Large Value peer group average to preserve and grow investors' capital over the longer term.

Additionally, the Board has noted that the Investment Manager continues the process of evolving and enhancing the Equity Dividend platform which commenced over five years ago. During this time, the US Income & Value team has invested in both people and processes and is expected to do so moving forward. Over the last five years, the team supporting the Company has grown in size from ten investment professionals to 22, including the three portfolio managers and 19 research analysts.

The US Income & Value team is well resourced and highly experienced in U.S. fundamental active equity and the Board has concluded that it is in shareholders' interests as a whole that BFM should continue as Manager of the Company. The continued appointment of BFM was approved on 5 October 2021.

The principal contents of the agreement with the Manager have been set out in the previous section. Having considered the terms of this agreement, and those of other investment trust companies, the Board considers that the terms of the agreement represent an appropriate balance between cost and incentivisation of the Manager.

Depositary and Custodian

The AIFMD requires that AIFs such as the Company have an AIFMD-compliant depositary. The Company has appointed The Bank of New York Mellon (International) Limited (BNYM or the Depositary) to perform this role.

The Depositary's duties and responsibilities are outlined in the investment fund legislation (as defined in the FCA AIF Rulebook). The main role of the Depositary under the AIFMD is to act as a central custodian with additional duties to monitor the operations of the Company, including monitoring cash flows and ensuring the Company's assets are valued appropriately in accordance with the relevant regulations and guidance. The Depositary is also responsible for enquiring into the conduct of the AIFM in each annual accounting period. The Depositary receives a fee payable at 0.0095% per annum of net assets. The Company has appointed the Depositary in a tripartite agreement to which BFM as AIFM is also a signatory. The Depositary is liable for the loss of the financial instruments held in custody.

Under the depositary agreement, custody services in respect of the Company's assets have been delegated to The Bank of New York Mellon (International) Limited (BNYM). BNYM receives a custody fee payable by the Company at rates depending on the number of trades effected and the location of securities held. The depositary agreement is subject to 90 days' notice of termination by any party.

Directors' report

continued

Registrar

The Company has appointed Computershare Investor Services PLC as its Registrar (the Registrar). The principal duty of the Registrar is the maintenance of the register of shareholders (including registering transfers). It also provides services in relation to any corporate actions, dividend administration, shareholder documentation, the Common Reporting Standard and the Foreign Account Tax Compliance Act.

The Registrar receives a fixed fee each year, plus disbursements and VAT for the maintenance of the register. Fees in respect of corporate actions and other services are negotiated on an arising basis.

Change of control

There are no agreements to which the Company is a party that might be affected by a change in control of the Company.

Exercise of voting rights in investee companies

The exercise of voting rights attached to the Company's portfolio has been delegated to the Investment Manager, whose policy is set out below. BlackRock's approach to voting at shareholder meetings, engagement with companies and corporate governance is framed within an investment context. BlackRock believes that sound corporate governance and sustainable business models contribute to companies' long-term financial performance and thus to better risk-adjusted returns. BlackRock's proxy voting process is led by the BlackRock Investment Stewardship (BIS) team, located in ten offices around the world. Collectively within BIS, 18 languages are spoken and 31 academic disciplines are represented. The team's globally-coordinated, local presence and breadth of experience enables more frequent and better-informed dialogue with companies. The BIS team draws upon its own expertise, as well as other internal and external resources globally, to represent the long-term economic interests of clients. Close collaboration takes place between BIS and active portfolio managers. Active portfolio managers with positions in a company can vote their shares independently of BIS based on their views of what is best for their specific fund and client base.

BIS' Global Principles and market-specific proxy voting guidelines, updated every year, form the foundation of the team's engagement with companies and voting decisions at shareholder meetings on behalf of clients. The voting guidelines are principles-based and not prescriptive because BlackRock believes that each voting situation needs to be assessed on its merits. Voting decisions are taken to support the outcome that BlackRock believes is in the best economic interests of clients. The Global Principles are published on BlackRock's website at: https://www.blackrock.com/corporate/literature/fact-sheet/blk-responsible-investment-engprinciples-global.pdf

During the year under review, the Investment Manager voted on 1,277 proposals at 85 general meetings on behalf of the Company. At these meetings the Investment Manager voted in favour of most resolutions, as should be expected when investing in well run companies, but voted against 90 (6.9%) resolutions, abstained on 2 (0.2%) and withheld 7 votes (0.5%). Most of the votes against were in respect of resolutions relating to Directors' remuneration arrangements, independence and time commitments, or to elect or remove directors, and to amend articles, which were deemed by the Investment Manager as not being in the best interests of shareholders.

Principal risks

The key risks faced by the Company are set out in the Strategic Report.

Political donations

The Company does not make political donations.

Going concern

The Directors, having considered the nature and liquidity of the portfolio, the Company's investment objective, the triennial continuation vote taking place at the forthcoming Annual General Meeting and the Company's projected income and expenditure, are satisfied that the Company has adequate resources to continue in operational existence for a period of at least 12 months from the date of approval of these financial statements and is financially sound. The Board is still mindful of the continuing uncertainty surrounding the potential duration of the COVID-19 pandemic and its longer-term effects on the global economy and recovery of economies. The Board believes that the Company and its key third-party service providers have in place appropriate business continuity plans and these services have continued to be supplied without interruption throughout the COVID-19 pandemic.

The Company has a portfolio of investments which are predominantly readily realisable and is able to meet all of its liabilities from its assets and income generated from these assets. Accounting revenue and expense forecasts are maintained and reported to the Board regularly and it is expected that the Company will be able to meet all its obligations. Borrowings under the overdraft facility shall at no time exceed 20% of the Company's net asset value and this covenant was complied with during the period. Based on the above, the Board is satisfied that it is appropriate to continue to adopt the going concern basis in preparing the financial statements. Ongoing charges for the year ended 31 October 2021 were approximately 1.06% (31 October 2020: 1.06%) of net assets.

A statement on the longer-term viability of the Company is considered in the viability statement on page 38.

Directors

The Directors of the Company as at 31 October 2021, all of whom held office throughout the year, and their biographies are set out on pages 29 to 31. Details of their interests in the shares of the Company are set out in the Directors' Remuneration Report on page 55. All of the Directors held office throughout the year under review and up to the date of signing the financial statements.

Although the Company's Articles of Association require that one-third of Directors retire and seek re-election at intervals of no more than three years, the Board has resolved that all of the Directors should be subject to re-election on an annual basis. Accordingly, Mr Miller, Mr Casey, Ms Ryder and Ms Roberts, will offer themselves for re-election at the Annual General Meeting. Mr Irvine will not be seeking re-election.

Having considered the Directors' performance within the annual Board performance evaluation process, further details of which are provided on page 60, the Board believes that it continues to be effective and the Directors bring extensive knowledge and commercial experience and demonstrate a range of valuable business, financial and asset management skills. The Board therefore recommends that shareholders vote in favour of each Director's proposed re-election. More details in respect of the skills and experience each Director brings to the Board are set out on page 51.

There were no contracts subsisting during the year under review or up to the date of this report in which a Director of the Company is or was materially interested and which is or was significant in relation to the Company's business. None of the Directors is entitled to compensation for loss of office on the takeover of the Company. None of the Directors has a service contract with the Company.

Directors' indemnity

The Company has maintained appropriate Directors' and Officers' liability insurance cover throughout the year. In addition to Directors' and Officers' liability insurance cover, the Company's Articles of Association provide, subject to the provisions of applicable UK legislation, a qualifying third-party indemnity for Directors in respect of costs incurred in the defence of any proceedings brought against them by third parties arising out of their positions as Directors, in which they are acquitted, or judgement is given in their favour. The Company has entered into Deeds of Indemnity with Directors individually which are available for inspection at the Company's registered office and will also be available for inspection at the Annual General Meeting. The indemnity has been in force during the financial year and up to the date of approval of the financial statements.

Conflicts of interest

The Board has put in place a framework in order for Directors to report conflicts of interest or potential conflicts of interest which it believes has worked effectively during the year. All Directors are required to notify the Company Secretary of any situations or potential situations where they consider that they have or may have a direct or indirect interest or duty that conflicted or possibly conflicted with the interests of the Company. The Board has considered that the framework worked effectively throughout the year under review. All such situations are reviewed by the Board and duly authorised. Directors are also made aware that there remains a continuing obligation to notify the Company Secretary of any new situation that may arise, or any change to a situation previously notified. It is the Board's intention to continue to review all notified situations on a regular basis.

Directors' remuneration report and policy

The Directors' Remuneration Report is set out on pages 53 to 57. An advisory ordinary resolution to approve this report will be put to shareholders at the Company's Annual General Meeting. The Company is also required to put the Director's Remuneration Policy to a binding shareholder vote every three years. The Company's Remuneration Policy was last put to shareholders at the Annual General Meeting in 2020, therefore an ordinary resolution to approve the policy will next be put to shareholders at the Annual General Meeting in 2023.

Notifiable interests in the Company's voting rights

As at 31 October 2021, the following investors had declared a notifiable interest in the Company's voting rights.

Shareholder	Number of Ordinary shares	% of issued share capital
Charles Stanley Group plc	8,370,064	10.4
Tilney Smith & Williamson Limited	6,460,594	8.1
Brewin Dolphin Limited	4,714,674	5.9
JM Finn & Co Limited	4,290,733	5.3
Rathbone Investment Management Limited	4,135,099	5.2

Directors' report
continued

As at 14 January 2022, the following had declared a notifiable interest in the Company's voting rights.

Shareholder	Number of Ordinary shares	% of issued share capital
Charles Stanley Group plc	8,370,064	10.4
Brewin Dolphin Limited	4,504,746	5.6
JM Finn & Co Limited	4,290,733	5.3
Tilney Smith & Williamson Limited	4,025,850	5.0
Rathbone Investment Management Limited	4,079,816	5.1

Share capital
Full details of the Company's issued share capital are given in note 12 to the Financial Statements. Details of the voting rights in the Company's shares as at the date of this report are also given in note 16 to the Notice of Annual General Meeting. The ordinary shares carry the right to receive dividends and have one voting right per ordinary share. There are no restrictions on the voting rights of the ordinary shares. There are no shares which carry specific rights with regard to the control of the Company.

Share repurchases
The Company has the authority to purchase ordinary shares in the market to be held in treasury or for cancellation and to issue new shares or sell shares from treasury for cash. During the year and up to the date of this report, the Company purchased 190,000 ordinary shares at an average discount of 6.8% for a total cost of £295,000 including expenses. The Company now holds 20,132,261 ordinary shares in treasury (20.1% of the Company's issued share capital).

At the 2021 Annual General Meeting, the Company was authorised to repurchase ordinary shares into treasury for reissue or cancellation at a future date. The latest authority to repurchase shares was granted to Directors on 23 March 2021 and the Directors are proposing that their authority to buy back shares be renewed at the forthcoming Annual General Meeting.

Share issues
During the year, the Company reissued 445,000 shares from treasury at a premium to NAV for a total gross consideration of £888,000 at an average price of 199.58p per share and an average 1.7% premium to NAV.

The Directors are seeking to renew the authority to issue or sell shares out of treasury at the forthcoming Annual General Meeting. Any issuance will be at or above NAV.

Streamlined Energy and Carbon Reporting (SECR) statement: Greenhouse gas (GHG) emissions and energy consumption disclosure
As an externally managed investment company, the Company has no greenhouse gas emissions to report from its operations, nor does it have any responsibility for any other emissions producing sources under the Companies Act (Strategic Report and Directors' Reports) Regulations 2013. Consequently, the Company consumed less than 40,000 kwh of energy during the year in respect of which the Directors' Report is prepared and is therefore exempt from the disclosures required under SECR.

Articles of Association
Any amendments to the Articles of Association must be made by special resolution.

Annual General Meeting (AGM)
The following information to be discussed at the forthcoming Annual General Meeting is important and requires your immediate attention. If you are in any doubt about the action you should take, you should seek advice from your stockbroker, bank manager, solicitor, accountant or other financial adviser, authorised under the Financial Services and Markets Act 2000 (as amended).

If you have sold or transferred all of your ordinary shares in the Company, you should pass this document, together with any other accompanying documents (but not the personalised Form of Proxy) as soon as possible to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for onward transmission to the purchaser or transferee.

At present UK Government restrictions on public gatherings are no longer in force in connection with COVID-19 and the AGM can be held in the normal way with physical attendance by shareholders. However, shareholders should be aware that it is possible that such restrictions could be reimposed prior to the date of the AGM. In such event, these restrictions could mean that the AGM is required to be held as a closed meeting as happened last year with physical attendance limited to only a small number of attendees comprising the required quorum for the meeting and those persons whose attendance is necessary for the conduct of the meeting, and that any other persons will be refused entry. Accordingly, all shareholders are recommended to vote by proxy in advance of the AGM and to appoint the Chairman of the meeting as their proxy. This will ensure that shareholders' votes will be counted even if they (or any appointed proxy) are not able to attend. All votes will be taken by poll so that all proxy votes are counted.

The Company may impose entry restrictions on persons wishing to attend the AGM (including, if required, refusing entry) in order to secure the orderly conduct of the AGM and the safety of the attendees. All shareholders intending to attend should either be fully vaccinated or obtain a negative COVID-19 test result before entering the venue. Negative test results must be obtained no earlier than one day before entering the venue and fully vaccinated shareholders are also strongly encouraged to get tested. Shareholders who have recovered from COVID-19 for 90 days from the date of their infection are exempt from the above.

Attendees will also be required to wear a face covering at all times within the venue except when seated in the relevant meeting room. Shareholders are also requested not to attend the AGM if they have tested positive for COVID-19 in the 10 days prior to the AGM, are experiencing new or worsening COVID-19 related symptoms, have been in close contact with anyone who is experiencing symptoms or has contracted COVID-19 during the 14 days prior to the AGM, or are required to self-isolate pursuant to UK Government guidance.

The business of this year's AGM consists of 14 resolutions. Resolutions 1 to 11 are proposed as ordinary resolutions and 12 to 14 are being proposed as special resolutions.

Resolution 1 – Approval of the Annual Report and Financial Statements

This resolution seeks shareholder approval of the Annual Report and Financial Statements for the year ended 31 October 2021 and the auditors' report thereon.

Resolution 2 – Approval of the Directors' Remuneration Report

This resolution is an advisory vote on the Directors' Remuneration Report, excluding any content relating to the remuneration policy as set out on pages 56 and 57.

Resolution 3 – Approval of dividends

Resolution 3 seeks shareholder approval of the Company's dividend policy to continue to pay four quarterly dividends, which in the year under review have totalled 8.00p per share.

Resolutions 4 to 7 – Re-election of Directors

Resolutions 4 to 7 relate to the re-election of the Directors. The Board has undertaken a formal performance evaluation during the year and confirms that the performance of the Directors standing for re-election continues to be effective and that each Director demonstrates commitment to their role. The biographies of the Directors are set out on pages 29 to 31. The skills and experience each Director bring to the Board for the long-term sustainable success of the Company are set out below. The Directors will stand for re-election by shareholders at the meeting in accordance with the requirements of the UK Code.

Resolution 4 relates to the re-election of Simon Miller who was appointed in September 2012. Mr Miller who acts as Chairman, brings leadership skills and much in-depth knowledge, expertise and experience to the Board having held a number of non-executive positions. He also has a wide range of experience in the financial services sector, including wealth management and investment management. He was called to the Bar and subsequently worked for Lazard Brothers and County NatWest.

Resolution 5 relates to the re-election of Christopher Casey who was appointed in September 2012. He qualified as a chartered accountant and brings this skill set to his role as Chairman of the Company's Audit and Management Engagement Committee. He was a partner at KPMG until 2010 and since then has carried out a number of non-executive board roles, including serving as a director on other investment trusts.

Resolution 6 relates to the re-election of Alice Ryder who was appointed in June 2013. She is head of Stanhope Consulting where she is responsible for a number of substantial clients and a member of the Chartered Institute for Securities and Investment. She has more than 29 years' investment experience and holds another non-executive position on an investment trust board.

Resolution 7 relates to the re-election of Melanie Roberts who was appointed in October 2019. She joined Sarasin & Partners in 2011 having previously spent her fund management career at Newton Investment Management. She has over 26 years of investment experience and is now primarily responsible for the management of charity and pension fund portfolios.

Resolutions 8 and 9 – Re-appointment of the external auditors and auditors' remuneration

These resolutions relate to the re-appointment and remuneration of the Company's auditors. The Company, through its Audit and Management Engagement Committee, has considered the independence and objectivity of the external auditors and is satisfied that the auditors remain independent. Further information in relation to the assessment of the auditors' independence can be found on page 66.

Resolutions relating to the following items of special business will be proposed at the forthcoming Annual General Meeting.

Directors' report

continued

Resolution 10 – Continuation of the Company as an investment trust

The ordinary resolution to be proposed will seek shareholder authority that the Company shall continue in being as an investment trust.

Resolution 11 – Authority to allot shares

The Directors may only allot shares for cash if authorised to do so by shareholders in general meeting. This resolution seeks authority for the Directors to allot shares for cash up to an aggregate nominal amount of £80,229 which is equivalent to 8,022,904 ordinary shares of 1 pence each and represents 10% of the current issued ordinary share capital excluding treasury shares. The Directors will use this authority when it is in the best interests of the Company to issue shares for cash. This authority will expire at the conclusion of the Annual General Meeting to be held in 2023, unless renewed prior to that date at an earlier general meeting.

Resolution 12 – Authority to disapply pre-emption rights

By law, Directors require specific authority from shareholders before allotting new shares or selling shares out of treasury for cash without first offering them to existing shareholders in proportion to their holdings.

Resolution 12 empowers the Directors to allot new shares for cash or to sell shares held by the Company in treasury, otherwise than to existing shareholders on a pro rata basis, up to an aggregate nominal amount of £80,229 which is equivalent to 8,022,904 ordinary shares of 1 pence each and represents 10% of the Company's issued ordinary share capital, excluding treasury shares, at the date of this notice. Unless renewed at a general meeting prior to such time, this authority will expire at the conclusion of the Annual General Meeting of the Company to be held in 2023.

Resolution 13 – Authority to buy back ordinary shares

The resolution to be proposed will seek to renew the authority granted to Directors enabling the Company to purchase its own shares. The Directors will only consider repurchasing shares in the market if they believe it to be in shareholders' interests and as a means of correcting any imbalance between supply and demand for the Company's shares.

The Directors are seeking authority to purchase up to 12,026,333 shares (being 14.99% of the shares in issue, excluding treasury shares, at the date of this report or, if less, 14.99% of the ordinary shares in issue at 22 March 2022). This authority will expire at the conclusion of the next Annual General Meeting of the Company in 2023, unless renewed at an earlier general meeting.

Resolution 14 – Cancellation of share premium account

The share premium account of the Company as at 31 October 2021 totalled £44,873,000. A share premium account is an undistributable reserve and, accordingly, the purposes for which the Company can use it are extremely restricted. Should resolution 15 be passed, an application will be made to the High Court of Justice in England and Wales for the cancellation of the Company's share premium account. The amount cancelled will become a distributable reserve that may be applied in any manner which the Company's profits available for distribution are able lawfully to be applied, including the payment of dividends and the buyback of shares.

Recommendation

Your Board considers that the resolutions to be proposed at the Annual General Meeting are likely to promote the success of the Company and are in the best interests of the Company and its shareholders as a whole. The Directors unanimously recommend that shareholders vote in favour of each resolution, as they intend to do in respect of their own beneficial holdings.

Corporate governance

Full details are given in the Corporate Governance Statement. The Corporate Governance Statement forms part of this Directors' Report.

Audit information

As required by Section 418 of the Companies Act 2006, each of the Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are aware, there is no relevant audit information of which the Company's auditors are unaware and each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and resolutions proposing their reappointment and authorising the Directors to determine their remuneration for the ensuing year will be submitted at the Annual General Meeting.

The Directors' Report was approved by the Board at its meeting on 8 February 2022.

By order of the Board

CAROLINE DRISCOLL
For and on behalf of
BlackRock Investment Management (UK) Limited
Company Secretary
8 February 2022

Directors' remuneration report

Introduction
The Board presents the Directors' Remuneration Report for the year ended 31 October 2021 which has been prepared in accordance with Sections 420-422 of the Companies Act 2006.

The Remuneration Report comprises a remuneration policy report and a remuneration policy implementation report. The remuneration policy report is subject to a triennial binding shareholder vote and will be put to shareholders for approval at the Annual General Meeting in 2023. The remuneration policy implementation report is subject to an annual advisory vote.

The law requires the Company's auditor to audit certain of the disclosures provided. Where disclosures have been audited, they are indicated as such. The auditors' opinion is included in their report on pages 72 to 77.

Statement by the Chairman
A key element of the remuneration policy is that fees payable to Directors should be sufficient to attract and retain individuals with suitable knowledge and experience to promote the long-term success of the Company, whilst also reflecting the time commitment and responsibilities of the role. The basis for determining the level of any increase in Directors' remuneration and the Board's policy on remuneration is set out in the Directors' Remuneration Policy on pages 56 and 57.

Effective from 1 April 2019, the fees of the Chairman increased from £36,000 to £42,000, the Chairman of the Audit and Management Engagement Committee from £30,000 to £35,000 and for the other Directors from £25,000 to £29,000. The Board's remuneration is considered annually and was last reviewed in October 2021. Following this review, it was agreed that no changes would be made to Directors' remuneration for the current financial year to 31 October 2022.

No discretionary fees have been paid to Directors during the year or previous year and the payment of such fees is expected to be a rare occurrence, only necessary in exceptional circumstances. Any discretionary fees paid to the Directors will be clearly disclosed in the Directors' Remuneration Report accompanied by an explanation of the work undertaken and why it was deemed necessary to pay such additional remuneration.

Remuneration Committee
The Board as a whole fulfils the function of the Remuneration Committee and considers any change in the Directors' remuneration policy. It is not considered necessary to have a separate Committee as the Company's Directors are all non-executive and independent of the Manager. No advice or services were provided by any external agencies or third parties in respect of remuneration levels.

Remuneration implementation report
A single figure for the total remuneration of each Director is set out in the table below for the years ended 31 October 2021 and 31 October 2020.

Directors	2021 Fees	2020 Fees	2021 Taxable benefits[1]	2020 Taxable benefits[1]	2021 Total	2020 Total
	£	£	£	£	£	£
Simon Miller (Chairman)	42,000	42,000	–	–	42,000	42,000
Christopher Casey (Chairman of the Audit and Management Engagement Committee)	35,000	35,000	–	–	35,000	35,000
Andrew Irvine	29,000	29,000	–	–	29,000	29,000
Alice Ryder	29,000	29,000	–	–	29,000	29,000
Melanie Roberts	29,000	29,000	–	–	29,000	29,000
Total	**164,000**	**164,000**	**–**	**–**	**164,000**	**164,000**

[1] Taxable benefits relate to travel and subsistence costs.

The information in the above table has been audited.

The amounts paid by the Company to the Directors were for services as non-executive Directors. As at 31 October 2021, fees of £14,000 (2020: £14,000) were outstanding to Directors in respect of their annual fees. The Directors received no variable remuneration. No discretionary fees have been paid to Directors in the year to 31 October 2021 (2020: nil). No payments for loss of office were made and no payments were made to former directors.

As the Company has no employees, the table above also comprises the total remuneration costs and benefits paid by the Company.

Directors' remuneration report
continued

Relative importance of spend on remuneration
To enable shareholders to assess the relative importance of spend on pay, this has been shown in the table below compared with the Company's total revenue, dividend distributions, share issues and share buy backs. As the Company has no employees, no consideration is required to be given to employment conditions elsewhere in setting Directors' pay.

	2021 £'000	2020 £'000	Change £'000
Directors' total remuneration	164	164	nil
Total revenue	4,514	6,969	-2,455
Dividends paid and payable	6,409	6,459	-50
Shares issued from treasury after costs	886	5,315	-4,429
Buy back of ordinary shares	295	1,912	-1,617

Annual percentage change in Directors' remuneration
The following table sets out the annual percentage changes in Directors' fees over the past five years.

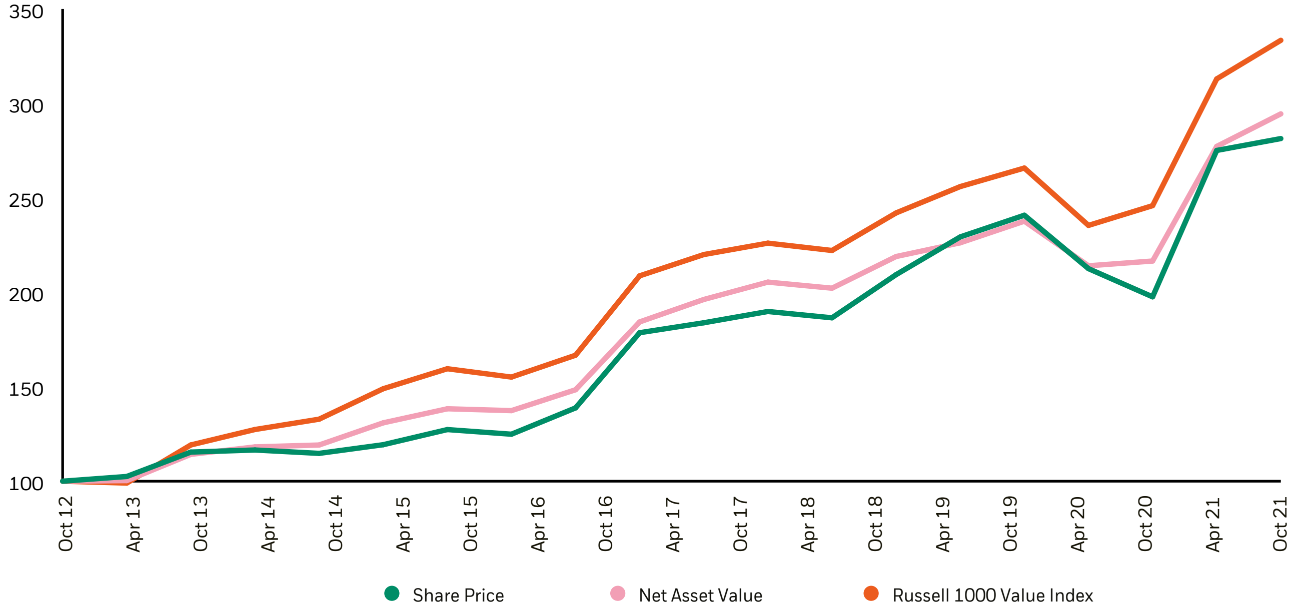
Directors	31 October 2017	31 October 2018	31 October 2019	31 October 2020	31 October 2021
Simon Miller[1]	+20.0%	0.0%	+9.8%	+6.3%	0.0%
Christopher Casey[2]	+20.0%	0.0%	+9.8%	+6.3%	0.0%
Andrew Irvine	+16.0%	0.0%	+9.4%	+6.1%	0.0%
Alice Ryder	+16.0%	0.0%	+9.4%	+6.1%	0.0%
Melanie Roberts	n/a	n/a	0.0%[3]	+6.1%	0.0%

1 Chairman.
2 Chairman of the Audit and Management Engagement Committee.
3 As Melanie Roberts was appointed as a Director on 1 October 2019, the percentage change in her annual fixed fee has been annualised.

As previously noted, the Company does not have any employees and hence no comparisons are given in respect of the comparison between Directors' and employees' pay increases.

Performance
The line graph that follows compares the Company's NAV and share price total returns with the total return on an equivalent investment in the Russell 1000 Value Index (the reference index). This index was chosen for comparison purposes as it is the best proxy whereby the success of the Investment Manager's investment decisions may be judged.

Performance since launch to 31 October 2021



Sources: BlackRock and Datastream.
Performance figures have been calculated in Sterling terms with dividends reinvested, rebased to 100 at 24 October 2012.

Shareholdings

There is no requirement for Directors to hold shares in the Company. The interests of the Directors in the ordinary shares of the Company and those of their connected persons are set out in the table below. The Company does not have a share option scheme, therefore none of the Directors has an interest in share options.

	31 October 2021 Ordinary shares	31 October 2020 Ordinary shares
Simon Miller	38,094	38,094
Christopher Casey	19,047	19,047
Andrew Irvine	38,094	38,094
Alice Ryder	9,047	9,047
Melanie Roberts	–	–

The information in the above table has been audited.

All of the holdings of the Directors are beneficial. No changes to these holdings had been notified up to the date of this report.

Implementation of the remuneration policy in 2021/2022 financial year

The remuneration policy was implemented at the 2020 Annual General Meeting. There have been no changes to Directors' fees in the current financial year.

Retirement of directors

Details are given in the Directors' Report on page 49.

By order of the Board

SIMON MILLER
Chairman
8 February 2022

Directors' remuneration policy

Directors' remuneration policy

In determining the appropriate level of Directors' fees, a number of factors are considered, including the workload of the Directors, their responsibilities, any change in these responsibilities and additional legal duties (for example as a result of new legislation being implemented), the relationship with their suppliers and the size and complexity of the Company. The time commitment required, the level of skills and appropriate experience required and the need for Directors to maintain on an ongoing basis an appropriate level of knowledge of regulatory and compliance requirements in an industry environment of increasing complexity are also taken into account. The Board also considers the average rate of inflation during the period since the last fee increase and reviews the level of remuneration in comparison with other investment trusts of a similar size and/or mandate, as well as taking account of any data published by the Association of Investment Companies to ensure that fees are in line with industry practice. This comparison, together with consideration of any alteration in non-executive Directors' responsibilities, is used to review whether any change in remuneration is necessary.

The review is performed on an annual basis. No Director will be present when his or her own pay is being determined. The Company has no employees and consequently no consideration is required to be given to employment conditions elsewhere in setting this policy and there has been no employee consultation.

No element of the Directors' remuneration is performance related or subject to recovery or withholding (except for tax). Directors cannot be awarded any share options or long-term performance incentives. None of the Directors has a service contract with the Company or receives any non-cash benefits (except as described in the policy table), pension entitlements or compensation for loss of office.

The remuneration policy will be applied when agreeing the remuneration package of any new Director. The terms of a Director's appointment are detailed in a letter sent to them when they join the Board. These letters are available for inspection at the registered office of the Company.

Directors' appointments do not have a fixed duration, but they can be terminated by the Company in writing at any time without obligation to pay compensation. On termination of the appointment, Directors shall only be entitled to accrued fees as at the date of termination, together with reimbursement of any expenses properly incurred prior to that date. Directors are also subject to re-election on an annual basis and, if not elected, their appointment ceases immediately. No payments for loss of office are made.

Consideration of shareholders' views

An ordinary resolution to approve the Remuneration Report is put to members at each Annual General Meeting and shareholders have the opportunity to express their views and raise any queries in respect of the remuneration policy at this meeting. To date, no shareholders have commented in respect of the remuneration policy. In the event that there was a substantial vote against any resolution proposed at the Company's Annual General Meeting, the reasons for any such vote would be sought and appropriate action taken. Should the vote be against resolutions in relation to the Directors' remuneration, further details will be provided in future Directors' Remuneration Reports.

In accordance with the Companies Act 2006, the Company is required to seek shareholder approval of its remuneration policy on a triennial basis. An ordinary resolution for the approval of the remuneration policy and the future policy table was put to members at the 2020 Annual General Meeting. It is the intention of the Board that the current policy on remuneration will continue to apply for all financial years of the Company up to 31 October 2022.

Any discretionary fees paid to the Directors will be clearly disclosed in the Directors' Remuneration Report accompanied by an explanation of the work undertaken.

Shareholder voting

At the Company's previous Annual General Meeting held on 23 March 2021, 99.49% of votes cast (including votes cast at the Chairman's discretion) were in favour of the resolution to approve the Directors' Remuneration Report in respect of the year ended 31 October 2020 and 0.51% were against. 25,377 votes were withheld.

At the Company's Annual General Meeting held on 20 March 2020, 99.80% (including votes cast at the Chairman's discretion) were in favour of the resolution to approve the remuneration policy and 0.20% of votes cast were against. 6,136 votes were withheld.

Policy table

Purpose and link to strategy	Fees and benefits payable to Directors should be sufficient to attract and retain individuals of high calibre with suitable knowledge and experience. Those chairing the Board and key Committees should be paid higher fees than other Directors in recognition of their more demanding roles. Fees should reflect the time spent by Directors on the Company's affairs and the level of complexity of responsibilities borne by the Directors.		
	Fees	**Discretionary fees**	**Benefits**
Description	Current levels of fixed annual fee (effective from 1 April 2019): Chairman – £42,000 Audit and Management Engagement Committee Chairman – £35,000 Directors – £29,000 The Board reviews the quantum of Directors' pay each year to ensure that this is in line with the level of Directors' remuneration for other investment trusts of a similar size. When making recommendations for any changes in fees, the Board will consider wider factors such as the average rate of inflation over the period since the previous review and the level and any change in complexity of the Directors' responsibilities (including additional time commitments as a result of increased regulatory or corporate governance requirements).	The Company's Articles of Association authorise the payment of discretionary fees to Directors for any additional work undertaken on behalf of the Company which is outside of their normal duties. Any such work and the fees payable are subject to the prior approval of the Chairman or, in the case of the Chairman undertaking the extra work, subject to the prior approval of the Chairman of the Audit and Management Engagement Committee. Any discretionary fees paid will be disclosed in the Directors' remuneration implementation report within the Annual Report.	The Directors are entitled to be repaid all reasonable travelling, hotel and other expenses incurred by them in or about the performance of their duties as Directors, including any expenses incurred in attending meetings of the Board or Committees of the Board, Annual General Meetings or General Meetings. Some expenses incurred by Directors are required to be treated as taxable benefits. Taxable benefits include (but are not limited to) travel expenses incurred by the Directors in the course of travel to attend Board and Committee meetings which are held at the Company's registered office in London and which are reimbursed by the Company and therefore treated as a benefit in kind and are subject to tax and national insurance. The Company's policy in respect of this element of remuneration is that all reasonable costs of this nature will be reimbursed as they are incurred, including the tax and national insurance costs incurred by the Director on such expenses.
Maximum levels	Fixed fees are set each year in accordance with the stated policies and as such there is no set maximum threshold; however, any increase granted must be in line with the stated policies. The Company's Articles of Association set an aggregate limit of £300,000 in respect of the remuneration that may be paid to Directors in any financial year. These ceilings have been set at a level to provide flexibility in respect of the recruitment of additional Board members and inflation.	The level of discretionary fees shall be determined by the Directors and will be subject to a maximum of £10,000 per annum per Director.	No more than £20,000 per annum may be paid in respect of taxable benefits.

Corporate governance statement

Chairman's introduction

Corporate Governance is the process by which the Board seeks to look after shareholders' interests and protect and enhance shareholder value. Shareholders hold the Directors responsible for the stewardship of the Company, delegating authority and responsibility to the Directors to manage the Company on their behalf and holding them accountable for its performance.

The Board is ultimately responsible for framing and executing the Company's strategy and for closely monitoring risks. We aim to run our Company in a manner which is responsible and consistent with our belief in honesty, transparency and accountability. In our view, good governance means managing our business well and engaging effectively with investors. We consider the practice of good governance to be an integral part of the way we manage the Company and we are committed to maintaining high standards of financial reporting, transparency and business integrity.

As a UK-listed investment trust company our principal reporting obligation is driven by the UK Corporate Governance Code (the UK Code) issued by the Financial Reporting Council in July 2018. However, as listed investment trust companies differ in many ways from other listed companies, the Association of Investment Companies has drawn up its own set of guidelines, the AIC Code of Corporate Governance (the AIC Code) issued in February 2019, which addresses the governance issues relevant to investment companies and meets the approval of the Financial Reporting Council.

Both the UK Code and the AIC Code apply to accounting periods beginning on or after 1 January 2019. The Board has determined that it has complied with the recommendations of the AIC Code. This in most material respects is the same as the UK Code, save that there is greater flexibility regarding the tenure of the chairman and membership of the audit committee.

This report, which forms part of the Directors' Report, explains how the Board deals with its responsibility, authority and accountability.

Compliance

The Board has made the appropriate disclosures in this report to ensure the Company meets its continuing obligations. It should be noted that, as an investment trust, most of the Company's day-to-day responsibilities are delegated to third parties. The Company has no executive employees and the Directors are non-executive, therefore not all the provisions of the UK Code are directly applicable to the Company.

The Board considers that the Company has complied with the recommendations of the AIC Code and the provisions contained within the UK Code that are relevant to the Company throughout this accounting period, except the provisions relating to:

- the role of the chief executive;
- executive directors' remuneration;
- the need for an internal audit function; and
- membership of the Audit and Management Engagement Committee.

The Board considers that these provisions are not relevant to the position of the Company, being an externally managed investment company with no executive employees and, in relation to the internal audit function, in view of BlackRock having an internal audit function, and due to Chairman being independent on his appointment to the Audit and Management Engagement Committee in line with Provision 29 of the AIC Code. Further explanation is provided below.

Information on how the Company has applied the principles of the AIC Code and UK Code is set out below. The UK Code is available from the Financial Reporting Council's website at frc.org.uk. The AIC Code is available from the Association of Investment Companies at theaic.co.uk.

The Board

The Board currently consists of five non-executive Directors, all of whom are independent of the Company's Manager. Provision 9 of the UK Code which relates to the combination of the roles of the chairman and chief executive does not apply as the Company has no executive directors.

The Board's primary purpose is to direct the Company to maximise shareholder value within a framework of proper controls and in accordance with the Company's investment objective.

Board structure and management

Details of the Board's structure, roles and responsibilities and management are set out in the summary of Governance Structure on page 28. The Directors' biographies on pages 29 to 31 demonstrate a breadth of investment knowledge, business and financial skills which enables them to provide effective strategic leadership and proper governance of the Company. Details of the Chairman's other significant time commitments can also be found on page 29.

The Company does not have a chief executive as day-to-day management of the Company's affairs is delegated to the Manager as AIFM, with investment management and other ancillary services delegated to the Investment Manager. Representatives of the Manager, Investment Manager and Company Secretary attend each Board meeting. The Board, the AIFM, the Investment Manager and the Company Secretary operate in a supportive and co-operative manner.

Board independence and tenure

The Board's individual independence has been considered and confirmed. All Directors are considered to be independent and there are no relationships or circumstances which are likely to affect the judgement of any Director.

The Board is of the view that length of service will not necessarily compromise the independence or contribution of directors of an investment trust company, where continuity and experience can add significantly to the strength of the Board. Following the formal performance evaluation process, the Board has concluded that, notwithstanding that Mr Miller and Mr Casey have served as Directors for just over nine years, they continue to be independent in character and judgement and their range of skills and experience have been beneficial for the Board.

The Board considers that the tenure of the Chair should be determined principally by how the Board's purpose in providing strategic leadership, governance and bringing challenge and support to the Manager can best be maintained, whilst also recognising the importance of independence, refreshment, diversity and retention of accumulated knowledge. It firmly believes that an appropriate balance of these factors is essential for an effective functioning Board and, at times, will naturally result in some longer serving directors, including the Chair. Furthermore, the Board wishes to retain the flexibility to be able to recruit outstanding candidates when they become available rather than simply adding new Directors based upon a predetermined timetable.

None of the Directors has a service contract with the Company. The terms of their appointment are detailed in a letter sent to them when they join the Board. Copies of these letters are available on request from the Company's registered office and will be available at the Annual General Meeting.

Diversity

The Board is mindful of diversity, including gender, social and ethnic backgrounds, as well as experience and personal strengths, and will take this into account during the recruitment and appointment process. However, the Board is committed to appointing the most appropriate candidate, regardless of gender or other forms of diversity and therefore no targets have been set against which to report. As at the date of this report, the Board consists of three men and two women.

As the Company has no employees, it does not maintain a formal policy on diversity and inclusion and has therefore not reported further in respect of gender representation within the Company.

Directors' appointment, retirement and rotation

The rules concerning the appointment, retirement and rotation of Directors are set out in more detail in the Directors' Report on page 49. The Board has considered the position of each of the Directors as part of the evaluation process and believes it would be in the best interests of the Company for those Directors retiring to be proposed for re-election at the forthcoming Annual General Meeting given their material level of contribution and commitment to the Company. Mr Irvine will not be seeking re-election.

The Board recognises the value of progressive renewing of, and succession planning, for company boards. As part of the process for continual refreshment, the Board commenced a search for a new Director and appointed Cornforth Consulting Ltd, an independent external recruitment consultancy firm, to assist. Cornforth Consulting do not undertake any other services for the Company and has no formal connection with any of the Directors.

The refreshment of the Board will remain as an ongoing process to ensure that the Board is well-balanced through the appointment of new Directors with the skills and experience necessary. Directors must be able to demonstrate commitment to the Company, including in terms of time.

Directors' induction, training and development

When a new Director is appointed to the Board, he or she is provided with all relevant information regarding the Company and their duties and responsibilities as a Director. In addition, a new Director will also spend some time with the Portfolio Managers, the Company Secretary and other key employees of the Manager whereby he or she will become familiar with the workings and processes of the Company.

The Company's policy is to encourage Directors to keep up to date and attend training courses on matters which are directly relevant to their involvement with the Company. The Directors also receive regular briefings from, amongst others, the auditors and the Company Secretary regarding any proposed developments or changes in laws or regulations that could affect them or the Company. Directors' training and development needs are reviewed by the Chairman on an annual basis.

Directors' liability insurance

The Company has maintained appropriate Directors' liability insurance cover throughout the year.

The Board's responsibilities

The Board is responsible to shareholders for the overall management of the Company. It decides upon matters relating to the Company's investment objective, policy and strategy and monitors the Company's performance towards achieving that objective through its agreed policy and strategy. The Board has also adopted a schedule of

Corporate governance statement
continued

matters reserved for its decision. The Board is supplied in a timely manner with information in a form and of a quality appropriate to enable it to discharge its duties.

Strategic issues and all operational matters of a material nature are determined by the Board. The Board has responsibility for ensuring that the Company keeps adequate accounting records which disclose with reasonable accuracy at any time the financial position of the Company and which enable it to ensure that the financial statements comply with the Companies Act 2006. It is the Board's responsibility to present a balanced and understandable assessment, which extends to interim and other price-sensitive reports. The Board is also responsible for safeguarding the assets of the Company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board has established a procedure whereby Directors wishing to do so in the furtherance of their duties, may take independent advice at the Company's expense.

The Board meets at least five times a year to review investment performance, financial reports and other reports of a strategic nature. Board or Board committee meetings are also held on an ad hoc basis to consider particular issues as they arise. Key representatives of the Manager and/or Investment Manager attend each meeting and between these meetings there is regular contact with the Manager and Investment Manager.

Performance evaluation

In order to review the effectiveness of the Board, the Committees and the individual Directors, the Board carries out a formal and rigorous annual appraisal process. This encompasses both quantitative and qualitative measures of performance in respect of the Board and its Committees, implemented by way of completion of an evaluation survey and a subsequent review of findings. The Chairman also reviews with each Director their individual performance, contribution and commitment and the appraisal of the Chairman is reviewed by the other Directors, led by the Senior Independent Director.

The appraisal process is considered by the Board to be constructive in terms of identifying areas for improving the functioning and the performance of the Board and its Committees and the contribution of individual Directors, as well as building on and developing individual and collective strengths. The review concluded that the Board oversees the management of the Company effectively and has the skills and expertise to safeguard shareholders' interests. The Board, the Portfolio Managers and representatives of the Manager were found to operate in a cooperative and open environment. Each Director made a valuable contribution to the Board and its discussions, brought different qualities to the Board, challenged the Investment Manager and Manager constructively, remained independent in character and judgement, and dedicated sufficient time to their respective role on the Board. Board composition, dynamics and structure worked well. The appraisal did not identify any areas of material weakness or concern, but found areas for enhancement, including succession planning with the recruitment of a new non-executive Director during 2022, as well as an internal successor to the Chairman who plans to retire during the year. It was agreed that the current composition of the Board and its Committees reflected a suitable mix of skills and experience and that the Board as a whole, the individual Directors and its Committees, were functioning effectively.

Delegation of responsibilities

Management and administration

The management of the investment portfolio and the administration of the Company have been contractually delegated to BlackRock Fund Managers Limited (BFM), as the Company's AIFM, and BFM (with the permission of the Company) has delegated certain investment management and other ancillary services to BlackRock Investment Management (UK) Limited (BIM (UK) or the Investment Manager). The contractual arrangements with BFM (the Manager) are summarised on pages 46 and 47.

The Manager, operating under guidelines determined by the Board, has direct responsibility for the decisions relating to the day-to-day running of the Company and is accountable to the Board for the investment, financial and operating performance of the Company. The review of the Manager's performance is an ongoing duty and responsibility of the Board which is carried out at each Board meeting. In addition, a formal review is undertaken annually, details of which are set out in the Directors' Report.

The Manager has delegated the portfolio valuation and fund accounting services to The Bank of New York Mellon (International) Limited (BNYM). The assets of the Company have been entrusted to the Depositary for safekeeping. The Depositary is The Bank of New York Mellon (International) Limited. The address at which this business is conducted is given on page 109.

The Board has delegated the exercise of voting rights attaching to the securities held in the portfolio to the Investment Manager. Details of the Investment Manager's voting policy are set out on page 48.

The Company Secretary

The Board has direct access to company secretarial advice and services of the Manager which, through its nominated representative, is responsible for ensuring that Board and Committee procedures are followed and that applicable regulations are complied with. The Board has a procedure whereby Directors wishing to do so in the furtherance of their duties, may take independent professional advice at the Company's expense. The appointment and removal of the Company Secretary is a matter for the whole Board.

Committees of the Board

Nomination Committee

The Nomination Committee, which comprises all of the Directors, has been chaired by Andrew Irvine. The role of the Committee is to review Board structure, size and composition, the balance of knowledge, experience, skills and diversity and to consider succession planning and tenure policy. Appointments of new Directors will be made on a formalised basis, with the Committee agreeing the selection criteria and the method of selection, recruitment and appointment. The services of an external search consultant may be used to identify potential candidates.

Audit and Management Engagement Committee

A separately chaired Audit and Management Engagement Committee comprises the whole Board and is chaired by Christopher Casey. Further details are given in the Report of the Audit and Management Engagement Committee on pages 64 to 67.

Remuneration Committee

The Company's policy on Directors' remuneration, together with details of the remuneration of each Director, is detailed in the Directors' Remuneration Report and Directors' Remuneration Policy on pages 53 to 57. As stated in the Directors' Remuneration Report, the full Board determines the level of Directors' fees and accordingly there is no separate Remuneration Committee.

Internal controls

The Board is responsible for establishing and maintaining the internal controls of the Company and for reviewing their effectiveness, for ensuring that financial information published or used within the business is reliable, and for regularly monitoring compliance with regulations governing the operation of investment trusts.

The Board, through the Audit and Management Engagement Committee (the Committee), regularly reviews the effectiveness of the internal control systems to identify, evaluate and manage the Company's significant risks. If any significant failings or weaknesses are identified, the Manager and the Board ensure that necessary action is taken to remedy the failings. The Board is not aware of any significant failings or weaknesses arising in the year under review.

Control of the risks identified, covering financial, operational, compliance and risk management, is embedded in the operations of the Company. There is a monitoring and reporting process to review these controls, which has been in place throughout the year under review and up to the date of this report, carried out by the Manager's Risk and Quantitative Analysis Group. This accords with the Financial Reporting Council's 'Guidance on Risk Management, Internal Control and Related Financial and Business Reporting'.

The Company's risk register sets out the risks relevant to the Company and describes, where relevant, the internal controls that are in place at the AIFM, the Investment Manager and other third-party service providers to mitigate these risks. The Committee formally reviews this register on a semi-annual basis and the Manager as the Company's AIFM reports on any significant issues that have been identified in the period. In addition, BlackRock's internal audit department provides an annual presentation to the Audit Committee chairmen of the BlackRock investment trusts on the results of testing performed in relation to BlackRock's internal control processes. The Depositary also reviews the control processes in place at the Custodian, the Fund Accountant and the AIFM, and reports formally to the Committee twice yearly. Both the AIFM and the Depositary will escalate issues and report to the Committee outside of these meetings on an ad hoc basis to the extent this is required. The Committee also receives annual and quarterly internal control reports respectively from BlackRock and BNYM on the internal controls of their respective operations, together with the opinion of their reporting accountant.

The Board recognises that these control systems can only be designed to manage rather than eliminate the risk of failure to achieve business objectives and to provide reasonable, but not absolute, assurance against material misstatement or loss, and relies on the operating controls established by the Manager and the Custodian. The Manager prepares revenue forecasts and management accounts which allow the Board to assess the Company's activities and review its performance. The Board and the Manager have agreed clearly defined investment criteria, specified levels of authority and exposure limits. Reports on these issues, including performance statistics and investment valuations, are submitted to the Board at each meeting.

The Company does not have its own internal audit function, as all the administration is delegated to the Manager and other third-party service providers. The Board monitors the controls in place through the internal control reports and the Manager's internal audit department and feels that there is currently no need for the Company to have its own internal audit function although this matter is kept under review.

Financial reporting

The Statement of Directors' Responsibilities in respect of the Financial Statements is set out on page 68, the Independent Auditors' Report on pages 72 to 77 and the statement of Going Concern on page 48.

Socially responsible investment

Generally, investment trusts do not employ staff and accordingly have no direct impact on social matters but can be significant investors in the economies of the regions in which they invest. The Company invests predominantly in securities quoted in North America. The Board believes

Corporate governance statement
continued

that it is important to invest in companies whose boards act responsibly in respect of environmental, ethical and social issues. The Investment Manager's evaluation procedures and financial analysis of the companies within the portfolio includes research and appraisal, and considers environmental policies, social, ethical and other business issues. In this regard, the U.S. team works closely with BIS colleagues.

Further details on ESG and Socially Responsible Investing can be found in the Strategic Report on pages 44 and 45.

Bribery prevention policy
The provision of bribes of any nature to third parties in order to gain a commercial advantage is prohibited and is a criminal offence. The Board has a zero tolerance policy towards bribery and a commitment to carry out business fairly, honestly and openly. The Board takes its responsibility to prevent bribery by the Company's Manager on its behalf very seriously and BlackRock has anti-bribery policies and procedures in place which are high level, proportionate and risk based. The Company's service providers have been contacted in respect of their anti-bribery policies and, where necessary, contractual changes are made to existing agreements in respect of anti-bribery provisions.

Criminal Finances Act 2017
The Company has a commitment to zero tolerance towards the criminal facilitation of tax evasion.

Communications with shareholders
All shareholders have the opportunity to attend and vote at the Annual General Meeting. The Notice of Annual General Meeting which is sent out 20 working days in advance of the meeting sets out the business of the Meeting which is explained in the Directors' Report. Separate resolutions are proposed for substantive issues. In addition, regular updates are available to shareholders on the BlackRock website and the Portfolio Managers will review the Company's portfolio and performance at the Annual General Meeting, where the Chairman of the Board and the Chairman of the Audit and Management Engagement Committee and representatives of the Manager will be available to answer shareholders' queries. Proxy voting figures will be announced to shareholders at the Annual General Meeting and will be made available on the BlackRock website shortly after the meeting. In accordance with Provision 4 of the UK Code, when 20% of votes have been cast against a resolution at any general meeting, the Board will explain, when announcing the results of voting, what actions it intends to take to understand the reasons behind the vote result. An interim action statement will also be published within six months of the vote, setting out the views received from shareholders and the actions the Company has taken, and will include a summary of the feedback and actions in the next Annual Report.

The Company's willingness to enter into discussions with institutional shareholders is also demonstrated by the programme of institutional presentations made by the Investment Manager. The Board discusses with the Investment Manager at each Board meeting any feedback from meetings with shareholders and it also receives reports from its corporate broker. The Chairman is available to meet directly with shareholders periodically without the Investment Manager being present. If any shareholder wishes to contact the Chairman directly, they should contact the Secretary whose details are given on page 109. The dialogue with shareholders provides a two-way forum for canvassing the views of shareholders and enabling the Board to become aware of any issues of concern, including those relating to performance, strategy and corporate governance.

There is a section within this report entitled 'Shareholder Information', which provides an overview of useful information available to shareholders. The Company's financial statements, regular factsheets and other information are also published on the BlackRock website at blackrock.com/uk/brsa. The work undertaken by the auditors does not involve consideration of the maintenance and integrity of the website and, accordingly, the auditors accept no responsibility for any changes that have occurred to the financial statements since they were initially presented on the website. Visitors to the website need to be aware that legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in their jurisdiction.

Packaged Retail and Insurance-Based Investment Products (PRIIPs) Regulation (the Regulation)
Effective from 1 January 2018, the European Union's PRIIPs Regulation came into force and requires that anyone manufacturing, advising on, or selling a PRIIP to retail investors in the EEA must comply with the Regulation. Shares issued by investment trusts fall into the scope of the Regulation.

Investors should be aware that the PRIIPs Regulation requires the AIFM, as PRIIPs manufacturer, to prepare a key information document (KID) in respect of the Company. This KID must be made available, free of charge, to EEA retail investors prior to them making any investment decision and have been published on BlackRock's website. The Company is not responsible for the information contained in the KID and investors should note that the procedures for calculating the risks, costs and potential returns are prescribed by law. The figures in the KID may not reflect the expected returns for the Company and anticipated performance returns cannot be guaranteed.

The PRIIPs KID in respect of the Company can be found at: www.blackrock.com/uk/brsa.

Disclosure Guidance and Transparency Rules

Other information required to be disclosed pursuant to the Disclosure Guidance and Transparency Rules has been placed in the Directors' Report on pages 46 to 52 because it is information which refers to events that have taken place during the course of the year.

For and on behalf of the Board

SIMON MILLER
Chairman
8 February 2022

Report of the audit and management engagement committee

As Chairman of the Audit and Management Engagement Committee (the Committee) I am pleased to present the Committee's report to shareholders for the year ended 31 October 2021.

Composition

All of the Directors are members of the Committee. The Association of Investment Companies published its updated Code of Corporate Governance in February 2019 which has been endorsed by the Financial Reporting Council. It states that the Chairman of the Board should not chair the Committee but can be a member if they were independent on appointment. The Chairman of the Company is a member of the Committee to enable him to be kept fully informed of any issues which may arise.

The Directors' biographies are given on pages 29 to 31 and the Board considers that at least one member of the Committee has recent and relevant financial experience and the Committee as a whole has competence relevant to the sector in which the Company operates.

Performance evaluation

Details of the evaluation of the Committee are set out in the Corporate Governance Statement on page 60.

Role and responsibilities

The Committee meets three times a year. Two of the planned meetings are held prior to the Board meetings to approve the half yearly and annual results and the Committee receives information from the Manager's corporate audit and compliance departments.

The Committee operates within written terms of reference detailing its scope and duties and these are available on the Company's website at blackrock.com/uk/brsa. The Committee's principal duties are set out in the terms of reference. In accordance with these duties, the principal activities of the Committee during the year included:

Internal controls, financial reporting and risk management system

- reviewing the adequacy and effectiveness of the Company's internal financial controls and the internal control and risk management systems;
- reasonably satisfying itself that such systems meet relevant legal and regulatory requirements;
- monitoring the integrity of the financial statements;
- reviewing the consistency of, and any changes to, accounting policies;
- reviewing the Half Yearly Report and Financial Statements to ensure that the Company's results and financial position are represented accurately and fairly to shareholders;
- reviewing the content of the Annual Report and Financial Statements and advising the Board on whether, taken as a whole, they are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position, performance, business model and strategy;
- evaluating the need for an internal audit function;
- reviewing semi-annual reports from the Manager on its activities as AIFM; and
- reviewing half yearly reports from the Depositary on its activities.

External audit

- making recommendations to the Board, to be put to shareholders for approval at the Annual General Meeting in relation to the appointment, re-appointment and removal of the Company's external auditors;
- reviewing the scope, execution, results, cost effectiveness, independence and objectivity of the external auditors and the efficiency of the external audit process;
- reviewing and approving the audit and non-audit fees payable to the external auditors and the terms of their engagement;
- reviewing and approving the external auditors' plan for the financial year, with a focus on the identification of areas of audit risk and consideration of the appropriateness of the level of audit materiality adopted;
- reviewing the quality of the audit engagement partner and the audit team, and making a recommendation with respect to the reappointment of the auditors;
- reviewing the role of the Manager and third-party service providers in an effective audit process;
- considering the quality of the formal audit report to shareholders; and
- overseeing the relationship with the external auditors.

Management engagement

- reviewing the performance of the Manager in terms of investment management, company secretarial services and fund accounting and thereby reviewing the investment management agreement to ensure the terms remain competitive; and
- satisfying itself that the continuing appointment of the Manager is in the interests of shareholders as a whole.

Third-party service providers

- considering the appointment of other third-party service providers; and
- ensuring that third-party service providers comply with the terms of their agreements and that the provisions of such agreements remain competitive.

Reporting

- reporting to the Board on its proceedings and how it has discharged its responsibilities, making whatever recommendations it deems appropriate on any area within its remit; and
- compiling a report on its activities to be included in the Annual Report and Financial Statements.

Internal controls

As the provision of portfolio valuation, fund accounting and administration services is delegated to the Manager, which sub-delegates certain administrative functions to BNYM, the Committee has reviewed the internal control reports prepared by BlackRock and BNYM. This enables the Committee to ensure that the relevant control procedures are in place to cover these areas of risk and are adequate and appropriate and have been confirmed as operating effectively by their reporting auditors.

Whistleblowing policy

The Committee has also reviewed and accepted the 'whistleblowing' policy that has been put in place by BlackRock under which its staff, in confidence, can raise concerns about possible improprieties in matters of financial reporting or other matters, insofar as they affect the Company.

Internal audit

The Company does not have its own internal audit function, as all administration is delegated to the Manager. The Board considers that it is sufficient to rely on the internal audit function of BlackRock. The requirement for an internal audit function is kept under review. The external auditors obtain an understanding of the internal controls in place at both the Manager and Fund Accountant by analysing the relevant internal control reports issued by their independent auditors.

Significant issues considered regarding the Annual Report and Financial Statements

During the year, the Committee considered a number of significant issues and areas of key audit risk in respect of the Annual Report and Financial Statements. The Committee reviewed the external audit plan at an early stage and concluded that the appropriate areas of audit risk relevant to the Company had been identified and that suitable audit procedures had been put in place to obtain reasonable assurance that the financial statements as a whole would be free of material misstatements. The table below sets out the key areas of risk identified by the Committee and also explains how these were addressed.

Significant issue	How the issue was addressed
The accuracy of the valuation of the investment portfolio	Listed investments are valued using stock exchange prices from third party vendors. The Board reviews detailed portfolio valuations at each of its Board meetings and receives confirmation from the Manager that the pricing basis is appropriate and in line with relevant accounting standards as adopted by the Company and that the carrying values are materially correct. The Board also relies on the Manager's and fund accountant's controls which are documented in their internal controls report which is reviewed by the Committee.
The risk of misappropriation of assets and unsecured ownership of investments	The Depositary is responsible for financial restitution for loss of financial investments held in custody. The Depositary reports to the Committee on a twice yearly basis. The Committee reviews reports from its service providers on key controls over the assets of the Company. Any significant issues are reported by the Manager to the Committee. The Manager has put in place procedures to ensure that investments can only be made to the extent that the appropriate contractual and legal arrangements are in place to protect the Company's assets.
The accuracy of the calculation of management fees	The management fee is calculated in accordance with the contractual terms in the investment management agreement by the fund accountant and is reviewed in detail by the Committee.
The risk that income is overstated, incomplete or inaccurate through failure to recognise proper income entitlements or to apply the appropriate accounting treatment for recognition of income	The Committee reviews income forecasts, including special dividends, and receives explanations from the Manager for any variations or significant movements from previous forecasts and prior year figures.

Report of the audit and management engagement committee continued

Auditors and audit tenure

The Committee reviews the performance of the auditors on an annual basis, taking into consideration the services and advice provided to the Company and the fees charged for these services. The Committee appointed the Company's current auditors, PricewaterhouseCoopers LLP, on 1 October 2014 following the result of a tender process. Mr Allan McGrath has been the Company's audit partner since 1 November 2018.

The Committee, in conjunction with the Board, is committed to reviewing the auditors' appointment each year to ensure that the Company is receiving an optimal level of service. In addition, even if no change is made to the audit firm appointed, the audit partner changes at least every five years.

There are no contractual obligations that restrict the Company's choice of auditors. The Committee is mindful of the EU audit legislation which requires the rotation of long serving auditors. The Company will be required to put its audit contract out to tender again by no later than 2024.

Assessment of the effectiveness of the external audit process

To assess the effectiveness of the external audit, members of the Committee work closely with the Manager to obtain a good understanding of the progress and efficiency of the audit. The Committee has adopted a formal framework to review the effectiveness of the external audit process and audit quality. This includes a review of the following areas:

- the quality of the audit engagement partner and the audit team;
- the expertise of the audit firm and the resources available to it;
- identification of areas of audit risk;
- planning, scope and execution of the audit;
- consideration of the appropriateness of the level of audit materiality adopted;
- the role of the Committee, the Manager and third-party service providers in an effective audit process;
- communications by the auditors with the Committee;
- how the auditors support the work of the Committee and how the audit contributes added value;
- policies and procedures to pre-approve and monitor non-audit services including gifts and hospitality;
- the independence and objectivity of the audit firm; and
- the quality of the formal audit report to shareholders.

Feedback in relation to the audit process and the effectiveness of the Manager in performing its role is also sought from relevant involved parties, notably the audit partner and team. The external auditors are invited to attend the Committee meetings at which the Half Yearly and Annual Financial Statements are considered and at which they have the opportunity to meet with the Committee without representatives of the Manager or Investment Manager being present.

The effectiveness of the Committee and the Manager in the external audit process is assessed principally in relation to the timely identification and resolution of any process errors or control breaches that might impact the Company's net asset values and accounting records. It is also assessed by reference to how successfully any issues in respect of areas of accounting judgement are identified and resolved, the quality and timeliness of papers analysing these judgements, the Board and the Manager's approach to the value of independent audit and the booking of any audit adjustments arising, and the timely provision of draft public documents for review by the auditors and the Committee.

To form a conclusion with regard to the independence of the external auditors, the Committee considers whether the skills and experience of the auditors make them a suitable supplier of non-audit services and whether there are safeguards in place to ensure that there is no threat to their objectivity and independence in the conduct of the audit resulting from the provision of such services.

The Company's policy on permitted audit related and non-audit services is set out in full in the Committee's terms of reference which are available on BlackRock's website at blackrock.com/uk/brsa. In the years to 31 October 2021 and 2020, the auditors did not provide any audit related or non-audit services to the Company.

On an annual basis, PricewaterhouseCoopers LLP review the independence of their relationship with the Company and report to the Committee, providing details of any other relationship with the Manager. As part of this review, the Committee also receives information about policies and processes for maintaining independence and monitoring compliance with relevant requirements from the Company's auditors, including information on the rotation of audit partners and staff, the level of fees that the Company pays in proportion to the overall fee income of the firm and the level of related fees, details of any relationships between the audit firm and its staff and the Company, as well as an overall confirmation from the auditors of their independence and objectivity.

As a result of their review, the Committee has concluded that PricewaterhouseCoopers LLP is independent of the Company and the Manager.

The fees paid to the external auditor are set out in note 5 of the Financial Statements.

Conclusions in respect of the Annual Report and Financial Statements

The production and the audit of the Company's Annual Report and Financial Statements is a comprehensive process requiring input from a number of different contributors. In order to reach a conclusion that the Annual Report and Financial Statements are fair, balanced and understandable, the Board has requested that the Committee advise on whether these criteria are satisfied. In so doing, the Committee has given consideration to the following:

- the comprehensive control framework over the production of the Annual Report and Financial Statements, including the verification processes in place to deal with the factual content;
- the extensive levels of review that are undertaken in the production process by the Manager, the Depositary and other third-party service providers responsible for accounting services and the Committee;
- the controls that are in place at the Manager and third-party service providers to ensure the completeness and accuracy of the Company's financial records and the security of the Company's assets; and
- the existence of satisfactory internal control reports that have been reviewed and reported on by external auditors to verify the effectiveness of the internal controls of the Manager, the Depositary, Custodian and Fund Accountants.

In addition to the work outlined above, the Committee has reviewed the Annual Report and Financial Statements and is satisfied that, taken as a whole, they are fair, balanced and understandable. In reaching this conclusion, the Committee has assumed that the reader of the Annual Report and Financial Statements would have a reasonable level of knowledge of the investment trust sector. The Committee has reported on these findings to the Board who affirm the Committee's conclusions in the Statement of Directors' Responsibilities in respect of the Annual Report and Financial Statements.

CHRISTOPHER CASEY
Chairman
Audit and Management Engagement Committee
8 February 2022

Statement of Directors' responsibilities in respect of the annual report and financial statements

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and regulations. Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have elected to prepare the financial statements under international accounting standards in conformity with the requirements of the Companies Act 2006.

Under Company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company as at the end of each financial year and of the profit or loss of the Company for that period.

In preparing those financial statements, the Directors are required to:

- present fairly the financial position, financial performance and cash flows of the Company;
- select suitable accounting policies in accordance with IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors,' and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- make judgements and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006, subject to any material departures disclosed and explained in the financial statements;
- provide additional disclosures when compliance with the specific requirements in international accounting standards in conformity with the requirements of the Companies Act 2006 is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's financial position and financial performance; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also responsible for preparing the Strategic Report, Directors' Report, the Directors' Remuneration Report, the Corporate Governance Statement and the Report of the Audit and Management Engagement Committee in accordance with the Companies Act 2006 and applicable regulations, including the requirements of the Listing Rules and the Disclosure Guidance and Transparency Rules. The Directors have delegated responsibility to the Manager for the maintenance and integrity of the Company's corporate and financial information included on the BlackRock website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Each of the Directors, whose names are listed on pages 29 to 31, confirm to the best of their knowledge that:

- the financial statements, which have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006, give a true and fair view of the assets, liabilities, financial position and net profit of the Company; and
- the Strategic Report contained in the Annual Report and Financial Statements includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces.

The 2018 UK Corporate Governance Code also requires Directors to ensure that the Annual Report and Financial Statements are fair, balanced and understandable. In order to reach a conclusion on this matter, the Board has requested that the Audit and Management Engagement Committee advise on whether it considers that the Annual Report and Financial Statements fulfil these requirements. The process by which the Committee has reached these conclusions is set out in the Audit and Management Engagement Committee's report on pages 64 to 67. As a result, the Board has concluded that the Annual Report and Financial Statements for the year ended 31 October 2021, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position, performance, business model and strategy.

For and on behalf of the Board

SIMON MILLER
Chairman
8 February 2022


BAKED
GRAIN
LIFE
WTR
pH BALANCED
LASTING ENERGY
FIBER
NO
NO
NEW BAG
COMPOSTABLE
SAME GREAT SNACK
OFF × THE
EATEN
Path
CHEF SIZE
Sabra
CLASSIC HUMMUS
GLUTEN FREE
ZERO SUGAR
ZERO
GATORADE
GLACIER FREEZE
Lay's
BAKE
65% LESS FAT
THAN REGULAR POTATO CHIPS*
original
NET WT. 6 1/4 OZ. (177.1 g)

Financial statements

PepsiCo was the portfolio's largest Consumer Staples holding at year end. The company stands out as an ESG leader for reducing its water usage and carbon footprint.

PHOTO COURTESY OF PEPSICO

Independent auditors' report

to the members of BlackRock Sustainable American Income Trust plc (formerly BlackRock North American Income Trust plc)

Report on the audit of the financial statements

Opinion

In our opinion, BlackRock Sustainable American Income Trust plc's (formerly BlackRock North American Income Trust plc) financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 October 2021 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Statement of financial position as at 31 October 2021; the Statement of comprehensive income, the Statement of changes in equity, and the Cash flow statement for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit and Management Engagement Committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

We have provided no non-audit services to the Company in the period under audit.

Our audit approach

Overview

Audit scope	• The Company is a standalone Investment Trust Company and engages BlackRock Fund Managers Limited (the 'Manager') to manage its assets and Bank of New York Mellon (International) Limited (the 'Fund Accountant') to provide administrative functions. • We tailored the scope of our audit taking into account the types of investments within the Company, the involvement of the third parties, the accounting processes and controls, and the industry in which the Company operates.
Key audit matters	• Valuation and existence of investments. • Accuracy, occurrence and completeness of investment income. • Ability to continue as a going concern (Continuation Vote).
Materiality	• Overall materiality: £1.65 million (2020: £1.30 million) based on 1% of net assets. • Performance materiality: £1.24 million (2020: £0.95 million).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

Ability to continue as a going concern (Continuation Vote) is a new key audit matter this year. Consideration of impacts of COVID-19, which was a key audit matter last year, is no longer included because of the reduced uncertainty of the impact of COVID-19 in the current year as markets and economies continue to recover. Otherwise, the key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
Valuation and existence of investments Refer to the Report of the Audit and Management Engagement Committee (page 65), Accounting policies (page 83) and Notes to the financial statements (page 89) The investment portfolio at the year-end comprised of listed equity investments valued at £165 million. We focused on the valuation and existence of investments because investments represent the principal element of the net asset value as disclosed on the Statement of financial position in the financial statements.	Our audit work on the Valuation and existence of the investments included the following: • We tested the valuation of 100% of the listed investments by agreeing the valuation to independent third party sources. • We tested existence of all of the listed investments by agreeing the Company's holdings to an independent custodian confirmation as at 31 October 2021. We have no matters to report as a result of this testing.
Accuracy, occurrence and completeness of investment income Income from investments consists primarily of dividend income. Within dividend income there is a risk of incomplete or inaccurate recognition of revenue through the failure to recognise proper income entitlements or to apply an inappropriate accounting treatment. In addition, the Directors are required to exercise judgement in determining whether income receivable in the form of special dividends should be classified as 'revenue' or 'capital' in the Statement of comprehensive income.	We responded to this risk by performing the following audit procedures: • We obtained an understanding of the processes and controls around revenue recognition and classification of special dividends by reviewing the internal controls reports of the Fund Accountant against the accounting standards and the Association of Investment Companies Statement of Recommended Practice (the "AIC SORP"). • We assessed the appropriateness of the classification of special dividends as revenue or capital by the Directors with reference to publicly available information. For all dividends recorded by the Company, we performed our audit procedures through the use of our proprietary testing tool Halo: • Halo tested the accuracy of their receipts by agreeing the dividend rates from investments to independent market data. • Halo tested occurrence by examining for each investment holding, that all dividends recorded in the year had been declared in the market. • To test for completeness, Halo investigated that the appropriate dividends had been received in the year by reference to independent data of dividends declared for all investment holdings held within the year. As stipulated by the requirements set out in the AIC SORP, we tested the allocation and presentation of dividend income between the revenue and capital return columns of the Statement of comprehensive income by determining reasons behind dividend distributions. We have no matters to report as a result of this testing.

Independent auditors' report

continued

Key audit matter	How our audit addressed the key audit matter
Ability to continue as a going concern (Continuation Vote) A continuation vote is due to take place at the next Annual General Meeting in 2022, which, if passed, will allow the Company to continue as an investment trust for a further 3 years. As such, the Directors have considered and assessed the potential impact on the ability of the Company to continue as a going concern. The Directors have concluded, based on their assessment and discussions with key investors, that the Company will be able to continue its operations and meet its liabilities as they fall due for a period of at least 12 months from the date of approval of the financial statements.	We have reviewed the Directors' assessment of going concern including the continuation vote. We also challenged the Directors on their assessment which includes, but is not limited to, the following in support of the vote: • The shareholder register is stable, comprising a wide range of private wealth managers and retail investors; • The financial performance of the Company above its targeted performance reference index for the past 3 years; • The results of resolutions discussed at the latest General Meeting held in July 2021; and, • The previous continuation vote in 2019 passed with no significant votes against. The procedures we performed and our conclusions on going concern are included in the Conclusions relating to going concern section below.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which it operates.

All audit procedures were conducted remotely by a UK audit team. We tested and examined information using sampling and other auditing techniques, to the extent we considered necessary to provide a reasonable basis for us to form our own judgements.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall company materiality	£1.65 million (2020: £1.30 million).
How we determined it	1% of net assets
Rationale for benchmark applied	We applied this benchmark, which is a generally accepted auditing practice for investment trust audits.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2020: 75%) of overall materiality, amounting to £1.24 million (2020: £0.95 million) for the company financial statements.

In determining the performance materiality, we considered a number of factors – the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls – and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Audit and Management Engagement Committee that we would report to them misstatements identified during our audit above £82,000 (2020: £63,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

Our evaluation of the Directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:

- evaluating the Directors' updated risk assessment and considering whether it addressed the relevant threats presented by COVID-19;
- evaluating the Directors' assessment of potential operational impacts, considering their consistency with other available information and our understanding of the business and assessed the potential impact on the financial statements;
- reviewing the Directors' assessment of the Company's financial position in the context of its ability to meet future expected operating expenses, their assessment of liquidity as well as their review of the operational resilience of the Company and oversight of key third-party service providers;
- assessing the implication of significant reductions in NAV as a result of a severe but plausible downside in the market's performance on the ongoing ability of the Company to operate; and
- reviewing the Directors' assessment of going concern in relation to the passing of the continuation vote.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Company's ability to continue as a going concern.

In relation to the Directors' reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' report, and Corporate governance statement, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report, and Corporate governance statement

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report, and Corporate governance statement for the year ended 31 October 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report, and Corporate governance statement.

Directors' Remuneration

In our opinion, the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

Corporate governance statement

The Listing Rules require us to review the Directors' statements in relation to going concern, longer-term viability and that part of the Corporate governance statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review. Our additional responsibilities with respect to the Corporate governance statement as other information are described in the Reporting on other information section of this report.

Independent auditors' report

continued

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

- The Directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The Directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the Company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- The Directors' explanation as to their assessment of the Company's prospects, the period this assessment covers and why the period is appropriate; and
- The Directors' statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the Directors' statement regarding the longer-term viability of the group was substantially less in scope than an audit and only consisted of making inquiries and considering the Directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the Company and its environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- The Directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the Company's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the Audit and Management Engagement Committee.

We have nothing to report in respect of our responsibility to report when the Directors' statement relating to the Company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

Responsibilities for the financial statements and the audit

Responsibilities of the Directors for the financial statements

As explained more fully in the Statement of Directors' responsibilities in respect of the annual report and financial statements, the Directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Company and industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of Section 1158 of the Corporation Tax Act 2010 (see page 46 of the Annual Report), and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase net asset value. Audit procedures performed by the engagement team included:

- discussions with the Manager and the Audit and Management Engagement Committee, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- understanding the controls implemented by the Company and the Fund Accountant designed to prevent and detect irregularities;
- assessment of the Company's compliance with the requirements of Section 1158 of the Corporation Tax Act 2010, including recalculation of numerical aspects of the eligibility conditions;
- identifying and testing journal entries, in particular year end journal entries posted by the Fund Accountant during the preparation of the financial statements;
- designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing for example, targeting transactions that otherwise would be immaterial; and
- reviewing relevant meeting minutes, including those of the Audit and Management Engagement Committee.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the Audit and Management Engagement Committee, we were appointed by the Directors on 1 October 2014 to audit the financial statements for the year ended 31 October 2014 and subsequent financial periods. The period of total uninterrupted engagement is eight years, covering the years ended 31 October 2014 to 31 October 2021.

Allan McGrath (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Edinburgh

8 February 2022

Statement of comprehensive income

for the year ended 31 October 2021

		Revenue		Capital		Total	
	Notes	2021 £'000	2020 £'000	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Income from investments held at fair value through profit or loss	3	3,617	4,015	2	–	3,619	4,015
Other income	3	897	2,954	–	–	897	2,954
Total revenue		**4,514**	**6,969**	**2**	**–**	**4,516**	**6,969**
Net profit/(loss) on investments and options held at fair value through profit or loss	9	–	–	42,989	(18,286)	42,989	(18,286)
Net (loss)/profit on foreign exchange		–	–	(653)	233	(653)	233
Total		**4,514**	**6,969**	**42,338**	**(18,053)**	**46,852**	**(11,084)**
Expenses							
Investment management fee	4	(284)	(250)	(853)	(751)	(1,137)	(1,001)
Other operating expenses	5	(547)	(451)	(13)	(21)	(560)	(472)
Total operating expenses		**(831)**	**(701)**	**(866)**	**(772)**	**(1,697)**	**(1,473)**
Net profit/(loss) on ordinary activities before taxation		**3,683**	**6,268**	**41,472**	**(18,825)**	**45,155**	**(12,557)**
Taxation (charge)/credit	6	(435)	(901)	14	143	(421)	(758)
Profit/(loss) for the year		**3,248**	**5,367**	**41,486**	**(18,682)**	**44,734**	**(13,315)**
Earnings/(loss) per ordinary share (pence)	8	**4.06**	**6.65**	**51.84**	**(23.14)**	**55.90**	**(16.49)**

The total column of this statement represents the Company's Statement of Comprehensive Income, prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006. The supplementary revenue and capital accounts are both prepared under guidance published by the Association of Investment Companies (AIC). All items in the above statement derive from continuing operations. No operations were acquired or discontinued during the year. All income is attributable to the equity holders of the Company.

The Company does not have any other comprehensive income/(loss). The net profit/(loss) for the year disclosed above represents the Company's total comprehensive income/(loss).

The notes on pages 82 to 101 form part of these financial statements.

Statement of changes in equity

for the year ended 31 October 2021

	Notes	Called up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Special reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
For the year ended 31 October 2021								
At 31 October 2020		1,004	44,533	1,460	37,839	38,222	3,352	126,410
Total comprehensive income:								
Net profit for the year		–	–	–	–	41,486	3,248	44,734
Transactions with owners, recorded directly to equity:								
Ordinary shares reissued from treasury	12, 13	–	340	–	548	–	–	888
Share issue costs	13	–	–	–	(2)	–	–	(2)
Ordinary shares bought back into treasury	12, 13	–	–	–	(294)	–	–	(294)
Share purchase costs	13	–	–	–	(1)	–	–	(1)
Dividends paid[1]	7	–	–	–	–	(339)	(6,062)	(6,401)
At 31 October 2021		**1,004**	**44,873**	**1,460**	**38,090**	**79,369**	**538**	**165,334**
For the year ended 31 October 2020								
At 31 October 2019		1,004	42,596	1,460	36,373	58,113	3,240	142,786
Total comprehensive (loss)/income:								
Net (loss)/profit for the year		–	–	–	–	(18,682)	5,367	(13,315)
Transactions with owners, recorded directly to equity:								
Ordinary shares reissued from treasury		–	1,937	–	3,388	–	–	5,325
Share issue costs		–	–	–	(10)	–	–	(10)
Ordinary shares bought back into treasury		–	–	–	(1,901)	–	–	(1,901)
Share purchase costs		–	–	–	(11)	–	–	(11)
Dividends paid[2]	7	–	–	–	–	(1,209)	(5,255)	(6,464)
At 31 October 2020		**1,004**	**44,533**	**1,460**	**37,839**	**38,222**	**3,352**	**126,410**

[1] 4th interim dividend of 2.00p per share for the year ended 31 October 2020, declared on 4 November 2020 and paid on 4 January 2021; 1st interim dividend of 2.00p per share for the year ended 31 October 2021, declared on 23 March 2021 and paid on 29 April 2021; 2nd interim dividend of 2.00p per share for the year ended 31 October 2021, declared on 5 May 2021 and paid on 2 July 2021; and 3rd interim dividend of 2.00p per share for the year ended 31 October 2021, declared on 5 August 2021 and paid on 1 October 2021.

[2] 4th interim dividend of 2.00p per share for the year ended 31 October 2019, declared on 7 November 2019 and paid on 3 January 2020; 1st interim dividend of 2.00p per share for the year ended 31 October 2020, declared on 20 March 2020 and paid on 29 April 2020; 2nd interim dividend of 2.00p per share for the year ended 31 October 2020, declared on 5 May 2020 and paid on 3 July 2020; and 3rd interim dividend of 2.00p per share for the year ended 31 October 2020, declared on 6 August 2020 and paid on 1 October 2020.

For information on the Company's distributable reserves please refer to note 13 on pages 90 and 91.

The notes on pages 82 to 101 form part of these financial statements.

Statement of financial position

as at 31 October 2021

	Notes	2021 £'000	2020 £'000
Non current assets			
Investments held at fair value through profit or loss	9	164,971	119,434
Current assets			
Other receivables	10	2,243	764
Current tax asset		96	86
Cash and cash equivalents	14	1,240	8,069
Total current assets		**3,579**	**8,919**
Total assets		**168,550**	**128,353**
Current liabilities			
Other payables	11	(3,216)	(1,417)
Current tax liability		–	(178)
Derivative financial liabilities held at fair value through profit or loss	9	–	(348)
Total current liabilities		**(3,216)**	**(1,943)**
Net assets		**165,334**	**126,410**
Equity attributable to equity holders			
Called up share capital	12	1,004	1,004
Share premium account	13	44,873	44,533
Capital redemption reserve	13	1,460	1,460
Special reserve	13	38,090	37,839
Capital reserves	13	79,369	38,222
Revenue reserve	13	538	3,352
Total equity		**165,334**	**126,410**
Net asset value per ordinary share (pence)	**8**	**206.08**	**158.06**

The financial statements on pages 78 to 101 were approved and authorised for issue by the Board of Directors on 8 February 2022 and signed on its behalf by Simon Miller, Chairman.

BlackRock Sustainable American Income Trust plc

Registered in England and Wales, No. 8196493

The notes on pages 82 to 101 form part of these financial statements.

Cash flow statement

for the year ended 31 October 2021

	2021 £'000	2020 £'000
Operating activities		
Net profit/(loss) on ordinary activities before taxation	45,155	(12,557)
Net (profit)/loss on investments and options held at fair value through profit or loss (including transaction costs)	(42,989)	18,286
Net loss/(profit) on foreign exchange	653	(233)
Sales of investments held at fair value through profit or loss	199,237	115,627
Purchases of investments held at fair value through profit or loss	(202,133)	(122,956)
Decrease/(increase) in other receivables	35	(59)
Increase in other payables	143	217
Increase in amounts due from brokers	(1,514)	(496)
Increase in amounts due to brokers	1,656	12
Net cash inflow/(outflow) from operating activities before taxation	**243**	**(2,159)**
Taxation paid	(609)	(706)
Net cash outflow from operating activities	**(366)**	**(2,865)**
Financing activities		
Net cash proceeds from ordinary shares reissued from treasury	886	5,870
Net cash outflow from ordinary shares bought back into treasury	(295)	(1,912)
Dividends paid	(6,401)	(6,464)
Net cash outflow from financing activities	**(5,810)**	**(2,506)**
Decrease in cash and cash equivalents	**(6,176)**	**(5,371)**
Effect of foreign exchange rate changes	(653)	233
Change in cash and cash equivalents	**(6,829)**	**(5,138)**
Cash and cash equivalents at start of year	8,069	13,207
Cash and cash equivalents at end of year	**1,240**	**8,069**
Comprised of:		
Cash at bank	666	8,069
Cash Fund[1]	574	–
	1,240	**8,069**

[1] Cash Fund represents funds held on deposit with the BlackRock Institutional Cash Series plc – US Dollar Liquid Environmentally Aware Fund.

The notes on pages 82 to 101 form part of these financial statements.

Notes to the financial statements

for the year ended 31 October 2021

1. Principal activity

The principal activity of the Company is that of an investment trust company within the meaning of Section 1158 of the Corporation Tax Act 2010. The Company was incorporated in England and Wales on 30 August 2012 and this is the ninth Annual Report.

2. Accounting policies

The principal accounting policies adopted by the Company have been applied consistently, other than where new policies have been adopted, and are set out below.

(a) Basis of preparation

The financial statements have been prepared under the historic cost convention modified by the revaluation of financial assets and financial liabilities held at fair value through profit or loss and in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 (IASs). All of the Company's operations are of a continuing nature.

Insofar as the Statement of Recommended Practice (SORP) for investment trust companies and venture capital trusts issued by the Association of Investment Companies (AIC) in October 2019 is compatible with international accounting standards in conformity with the requirements of the Companies Act 2006, the financial statements have been prepared in accordance with the guidance set out in the SORP.

Substantially all of the assets of the Company consist of securities that are readily realisable and, accordingly, the Directors believe that the Company has adequate resources to continue in operational existence for the foreseeable future, being a period of at least one year from the date of approval of the financial statements and therefore consider the going concern assumption to be appropriate. The Directors have considered any potential impact of the COVID-19 pandemic, its potential longer-term effects on the global economy, the triennial continuation vote taking place at the forthcoming Annual General Meeting and the mitigation measures which key service providers, including the Manager, have in place to maintain operational resilience on the going concern of the Company. The Directors have reviewed the income and expense projections and the liquidity of the investment portfolio in making their assessment.

The Company's financial statements are presented in Sterling, which is the functional currency of the Company and the currency of the primary economic environment in which the Company operates. All values are rounded to the nearest thousand pounds (£'000) except where otherwise indicated.

Adoption of new and amended standards and interpretations:

Amendments to IFRS 3 – Definition of a business (effective 1 January 2020). This amendment revised the definition of a business. According to feedback received by the International Accounting Standards Board (IASB), application of the current guidance is commonly thought to be too complex and it results in too many transactions qualifying as business combinations. The adoption of this standard has had no impact on the financial statements of the Company.

Amendments to IAS 1 and IAS 8 – Definition of material (effective 1 January 2020). The amendments to IAS 1, 'Presentation of Financial Statements' and IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', and consequential amendments to other IASs, require companies to:

(i) use a consistent definition of materiality throughout IASs and the Conceptual Framework for Financial Reporting;

(ii) clarify the explanation of the definition of material; and

(iii) incorporate some of the guidance of IAS 1 about immaterial information.

The adoption of this standard has had no impact on the financial statements of the Company.

Amendments to IFRS 9, IAS 39 and IFRS 7 – Interest rate benchmark reform (effective 1 January 2020). These amendments provide certain reliefs in connection with the interest rate benchmark reform (excluding phase 2 reforms). These reliefs relate to hedge accounting and have the effect that the Inter Bank Offer Rate (IBOR) reform should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement. Given the pervasive nature of hedges involving IBOR based contracts, the reliefs will affect companies in all industries.

The adoption of this standard has had no impact on the financial statements of the Company.

Relevant IAS standards that have yet to be adopted:
IAS 12- Deferred tax related to assets and liabilities arising from a single transaction (effective 1 January 2023). The IASB has amended IAS 12, 'Income taxes', to require companies to recognise deferred tax on particular transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. According to the amended guidance, a temporary difference that arises on initial recognition of an asset or liability is not subject to the initial recognition exemption if that transaction gave rise to equal amounts of taxable and deductible temporary differences. These amendments might have a significant impact on the preparation of financial statements by companies that have substantial balances of right-of-use assets, lease liabilities, decommissioning, restoration and similar liabilities. The impact for those affected would be the recognition of additional deferred tax assets and liabilities.

The adoption of this standard is unlikely to have any significant impact on the Company.

(b) Presentation of the Statement of Comprehensive Income
In order to better reflect the activities of an investment trust company and in accordance with guidance issued by the AIC, supplementary information which analyses the Statement of Comprehensive Income between items of a revenue and a capital nature has been presented alongside the Statement of Comprehensive Income.

(c) Segmental reporting
The Directors are of the opinion that the Company is engaged in a single segment of business being investment business.

(d) Income
Dividends receivable on equity shares are recognised as revenue for the year on an ex-dividend basis. Where no ex-dividend date is available, dividends receivable on or before the year end are treated as revenue for the year. Provision is made for any dividends not expected to be received. Special dividends, if any, are treated as a capital or a revenue receipt depending on the facts or circumstances of each dividend. The return on a debt security is recognised on a time apportionment basis so as to reflect the effective yield on the debt security.

Options may be purchased or written over securities held in the portfolio for generating or protecting capital returns, or for generating or maintaining revenue returns. Where the purpose of the option is the generation of income, the premium is treated as a revenue item. Where the purpose of the option is the maintenance of capital, the premium is treated as a capital item.

Option premium income is recognised as revenue evenly over the life of the option contract and included in the revenue account of the Statement of Comprehensive Income unless the option has been written for the maintenance and enhancement of the Company's investment portfolio and represents an incidental part of a larger capital transaction, in which case any premia arising are allocated to the capital account of the Statement of Comprehensive Income.

Deposit interest receivable is accounted for on an accruals basis. Interest income from the Cash Fund is accounted for on an accruals basis.

Where the Company has elected to receive its dividends in the form of additional shares rather than in cash, the cash equivalent of the dividend is recognised as revenue. Any excess in the value of the shares received over the amount of the cash dividend is recognised in capital.

(e) Expenses
All expenses, including finance costs, are accounted for on an accruals basis. Expenses have been charged wholly to the revenue account of the Statement of Comprehensive Income, except as follows:

- expenses which are incidental to the acquisition or sale of an investment are charged to the capital account of the Statement of Comprehensive Income. Details of transaction costs on the purchases and sales of investments are disclosed within note 9 to the financial statements on page 89;
- expenses are treated as capital where a connection with the maintenance or enhancement of the value of the investments can be demonstrated;
- the investment management fee and finance costs have been allocated 75% to the capital account and 25% to the revenue account of the Statement of Comprehensive Income in line with the Board's expected long term split of returns, in the form of capital gains and income, respectively, from the investment portfolio.

(f) Taxation
The tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on the taxable profit for the year. Taxable profit differs from net profit as reported in the Statement of Comprehensive Income because it excludes items of income or expenses that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that were applicable at the balance sheet date.

Where expenses are allocated between capital and revenue, any tax relief in respect of expenses is allocated between capital and revenue returns on the marginal basis using the Company's effective rate of corporation tax for the accounting period.

Deferred taxation is recognised in respect of all temporary differences that have originated but not reversed at the financial reporting date, where transactions or events that result in an obligation to pay more taxation in the future or right to pay less taxation in the future have occurred at the financial reporting date. This is subject to deferred tax assets only being recognised if it is considered more likely than not that there will be suitable profits from which the future reversal of the temporary differences can be deducted. Deferred tax assets and liabilities are measured at the rates applicable to the legal jurisdictions in which they arise.

(g) Investments held at fair value through profit or loss
In accordance with IFRS 9, the Company classifies its investments at initial recognition as held at fair value through profit or loss and are managed and evaluated on a fair value basis in accordance with its investment strategy and business model.

All investments are measured initially and subsequently at fair value through profit or loss. Purchases of investments are recognised on a trade date basis. Sales of investments are recognised at the trade date of the disposal.

Notes to the financial statements
continued

2. Accounting policies continued

The fair value of the financial investments is based on their quoted bid price at the financial reporting date, without deduction for the estimated selling costs. This policy applies to all current and non-current asset investments held by the Company.

Changes in the value of investments held at fair value through profit or loss and gains and losses on disposal are recognised in the Statement of Comprehensive Income as 'Net profits/losses on investments held at fair value through profit or loss'. Also included within the heading are transaction costs in relation to the purchase or sale of investments.

For all financial instruments not traded in an active market, the fair value is determined by using various valuation techniques. Valuation techniques include market approach (i.e., using recent arm's length market transactions adjusted as necessary and reference to the current market value of another instrument that is substantially the same) and the income approach (e.g., discounted cash flow analysis and option pricing models making use of available and supportable market data where possible).

(h) Options

Options are held at fair value through profit or loss based on the bid/offer prices of the options written to which the Company is exposed. The value of the option is subsequently marked-to-market to reflect the fair value through profit or loss of the option based on traded prices. Where the premium is taken to revenue, an appropriate amount is shown as capital return such that the total return reflects the overall change in the fair value of the option. When an option is exercised, the gain or loss is accounted for as a capital gain or loss. Any cost on closing out an option is transferred to revenue along with any remaining unamortised premium.

(i) Other receivables and other payables

Other receivables and other payables do not carry any interest and are short-term in nature and are accordingly stated on an amortised cost basis.

(j) Dividends payable

Under IASs, final dividends should not be accrued in the financial statements unless they have been approved by shareholders before the financial reporting date. Interim dividends should not be recognised in the financial statements unless they have been paid.

Dividends payable to equity shareholders are recognised in the Statement of Changes in Equity.

(k) Foreign currency translation

Transactions involving foreign currencies are converted at the rate ruling at the date of the transaction. Foreign currency monetary assets and liabilities and non-monetary assets held at fair value are translated into British Pound Sterling at the rate ruling on the financial reporting date. Foreign exchange differences arising on translation are recognised in the Statement of Comprehensive Income as a revenue or capital item depending on the income or expense to which they relate. For investment transactions and investments held at the year end, denominated in a foreign currency, the resulting gains or losses are included in the profit/(loss) on investments held at fair value through profit or loss in the Statement of Comprehensive Income.

(l) Cash and cash equivalents

Cash comprises cash in hand, bank overdrafts and on demand deposits. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value.

The Cash Fund is a fund managed by a company within the BlackRock Group. The investment is managed as part of the Company's cash and cash equivalents as defined under IAS 7 and is presented as a cash equivalent in the Financial Statements.

(m) Bank borrowings

Bank overdrafts are recorded as the proceeds received. Finance charges, including any premium payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the Statement of Comprehensive Income.

(n) Share repurchases and reissues

Shares repurchased and subsequently cancelled – share capital is reduced by the nominal value of the shares repurchased and the capital redemption reserve is correspondingly increased in accordance with Section 733 of the Companies Act 2006. The full cost of the repurchase is charged to the special reserve.

Shares repurchased and held in treasury – the full cost of the repurchase is charged to the special reserve.

Where treasury shares are subsequently reissued:

- amounts received to the extent of the repurchase price are credited to the special reserve; and
- any surplus received in excess of the repurchase price is taken to the share premium account.

(o) Critical accounting estimates and judgements

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. Estimates and judgements are regularly evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Directors do not believe that any accounting judgements or estimates have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year. There are no critical accounting estimates or judgements.

3. Income

	2021 £'000	2020 £'000
Investment income:		
UK dividends	297	353
Overseas dividends	3,228	3,606
Overseas special dividends	73	–
Overseas scrip dividends	–	56
Overseas REIT dividends	19	–
Total investment income	**3,617**	**4,015**
Deposit interest	–	72
Option premium income	897	2,882
	897	**2,954**
Total income	**4,514**	**6,969**

During the year, the Company received option premium income in cash totalling £585,000 (2020: £2,919,000) for writing covered call options for the purposes of revenue generation.

Option premium income is amortised evenly over the life of the option contract and accordingly, during the year, option premiums of £897,000 (2020: £2,882,000) were amortised to revenue.

At 31 October 2021, there were no open positions or associated liability (2020: 171 open positions with an associated liability of £348,000).

All derivative transactions were based on constituent stocks in the Russell 1000 Value Index.

Dividends and interest received in cash during the year amounted to £3,127,000 and £nil (2020: £3,411,000 and £72,000).

Special dividends of £2,000 have been recognised in capital (2020: £nil).

4. Investment management fee

	2021 Revenue £'000	2021 Capital £'000	2021 Total £'000	2020 Revenue £'000	2020 Capital £'000	2020 Total £'000
Investment management fee	284	853	1,137	250	751	1,001
Total	**284**	**853**	**1,137**	**250**	**751**	**1,001**

Up to 29 July 2021, the investment management fee was payable in quarterly arrears, calculated at the rate of 0.75% of the Company's net assets. With effect from 30 July 2021, the investment management fee is payable in quarterly arrears, calculated at the rate of 0.70% of the Company's net assets. The investment management fee is allocated 75% to the capital account and 25% to the revenue account.

There is no additional fee for company secretarial and administration services.

Notes to the financial statements
continued

5. Other operating expenses

	2021 £'000	2020 £'000
Allocated to revenue:		
Custody fee	3	6
Auditors' remuneration – audit services[1]	38	35
Registrar's fee	32	28
Directors' emoluments[2]	164	164
Broker fees	75	40
Depositary fees	14	13
Printing fees	44	19
Legal and professional fees	63	23
Marketing fees	37	46
AIC fees	9	7
FCA fees	8	8
Other administrative costs	60	62
	547	**451**
Allocated to capital:		
Custody transaction charges[3]	13	21
	560	**472**
The Company's ongoing charges[4], calculated as a percentage of average daily net assets and using the management fee and all other operating expenses excluding finance costs, direct transaction costs, custody transaction charges, VAT recovered, taxation and certain non-recurring items were:	1.06%	1.06%

[1] No non-audit services were provided by the Company's auditors.

[2] Further information on Directors' emoluments can be found in the Directors' Remuneration Report on page 53. The Company has no employees.

[3] For the year ended 31 October 2021, expenses of £13,000 (2020: £21,000) were charged to the capital account of the Statement of Comprehensive Income. These relate to transaction costs charged by the custodian on sale and purchase trades.

[4] Alternative Performance Measure, see Glossary on pages 113 and 114.

6. Taxation
(a) Analysis of charge/(credit) in year

	2021 Revenue £'000	2021 Capital £'000	2021 Total £'000	2020 Revenue £'000	2020 Capital £'000	2020 Total £'000
Current tax:						
Corporation tax	21	(21)	–	434	(143)	291
Double tax relief	(7)	7	–	(5)	–	(5)
Overseas tax	421	–	421	472	–	472
Total taxation (note 6(b))	**435**	**(14)**	**421**	**901**	**(143)**	**758**

(b) Factors affecting total taxation charge/(credit) for the year

The taxation assessed for the year is lower (2020: higher) than the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%). The differences are explained below:

	2021 Revenue £'000	2021 Capital £'000	2021 Total £'000	2020 Revenue £'000	2020 Capital £'000	2020 Total £'000
Net profit/(loss) on ordinary activities before taxation	3,683	41,472	45,155	6,268	(18,825)	(12,557)
Net profit/(loss) on ordinary activities multiplied by standard rate of corporation tax at 19.00% (2020: 19.00%)	700	7,880	8,580	1,191	(3,577)	(2,386)
Effects of:						
Non taxable UK dividend income	(57)	–	(57)	(67)	–	(67)
Non taxable overseas dividend income	(621)	–	(621)	(679)	–	(679)
Non taxable overseas scrip dividend income	–	–	–	(11)	–	(11)
Net (profit)/loss on investments and options held at fair value through profit or loss	–	(8,167)	(8,167)	–	3,474	3,474
Foreign exchange profit/(loss)	–	123	123	–	(44)	(44)
Double tax relief	(8)	7	(1)	(5)	–	(5)
Overseas tax	421	–	421	472	–	472
Disallowed expenses	–	2	2	–	4	4
Movement in management expenses not utilised/ recognised	–	141	141	–	–	–
	(265)	(7,894)	(8,159)	(290)	3,434	3,144
Total taxation charge/(credit) for the year (note 6(a))	**435**	**(14)**	**421**	**901**	**(143)**	**758**

The Company is exempt from UK corporation tax on capital gains provided it maintains its status as an investment trust under Chapter 4 of Part 24 of the Corporation Tax Act 2010. Due to the Company's intention to meet the conditions required to maintain its investment trust status, it has not provided for deferred tax on any capital gains or losses.

At 31 October 2021 the Company had net surplus management expenses of £743,000 (2020: £nil). A deferred tax asset has not been recognised in respect of these losses because the Company is not expected to generate taxable income in a future period in excess of the deductible expenses of that future period and, accordingly, it is unlikely that the Company will be able to reduce future tax liabilities through the use of existing surplus management expenses. The deferred tax asset has been calculated using a UK corporation tax rate of 25% and the estimated value of this unrecognised deferred tax asset at 31 October 2021 is £186,000 (2020: £nil).

Notes to the financial statements

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7. Dividends

Dividends paid on equity shares	Record date	Payment date	2021 £'000	2020 £'000
4th interim dividend of 2.00p per share paid for the year ended 31 October 2020 (2019: 2.00p)	27 November 2020	4 January 2021	1,596	1,601
1st interim dividend of 2.00p per share paid for the year ended 31 October 2021 (2020: 2.00p)	6 April 2021	29 April 2021	1,596	1,624
2nd interim dividend of 2.00p per share paid for the year ended 31 October 2021 (2020: 2.00p)	21 May 2021	2 July 2021	1,605	1,624
3rd interim dividend of 2.00p per share paid for the year ended 31 October 2021 (2020: 2.00p)	20 August 2021	1 October 2021	1,604	1,615
Accounted for in the financial statements			**6,401**	**6,464**

The total dividends payable in respect of the year ended 31 October 2021 which form the basis of Section 1158 of the Corporation Tax Act 2010 and Section 833 of the Companies Act 2006, and the amounts declared, meet the relevant requirements as set out in this legislation.

Dividends paid or declared on equity shares:	2021 £'000	2020 £'000
1st interim dividend of 2.00p per share paid for the year ended 31 October 2021 (2020: 2.00p)	1,596	1,624
2nd interim dividend of 2.00p per share paid for the year ended 31 October 2021 (2020: 2.00p)	1,605	1,624
3rd interim dividend of 2.00p per share paid for the year ended 31 October 2021 (2020: 2.00p)	1,604	1,615
4th interim dividend of 2.00p per share payable on 4 January 2022 for the year ended 31 October 2021[1] (2020: 2.00p)	1,604	1,596
	6,409	**6,459**

[1] Based on 80,229,044 ordinary shares in issue on 25 November 2021 (the ex-dividend date).

8. Earnings and net asset value per ordinary share

Total revenue, capital return/(loss) and net asset value per share are shown below and have been calculated using the following:

	Year ended 31 October 2021	Year ended 31 October 2020
Net revenue profit attributable to ordinary shareholders (£'000)	3,248	5,367
Net capital profit/(loss) attributable to ordinary shareholders (£'000)	41,486	(18,682)
Total profit/(loss) attributable to ordinary shareholders (£'000)	**44,734**	**(13,315)**
Equity shareholders' funds (£'000)	**165,334**	**126,410**
The weighted average number of ordinary shares in issue during the year, on which the return per ordinary share was calculated was:	80,031,140	80,754,136
The actual number of ordinary shares in issue at the year end, on which the net asset value per ordinary share was calculated was:	80,229,044	79,974,044
Return per ordinary share		
Revenue earnings per share (pence) – basic and diluted	4.06	6.65
Capital earnings/(loss) per share (pence) – basic and diluted	51.84	(23.14)
Total earnings/(loss) per share (pence) – basic and diluted	**55.90**	**(16.49)**

	As at 31 October 2021	As at 31 October 2020
Net asset value per ordinary share (pence)	206.08	158.06
Ordinary share price (pence)	198.25	145.50

There were no dilutive securities at the year end.

9. Investments held at fair value through profit or loss

	2021 £'000	2020 £'000
UK listed equity investments held at fair value through profit or loss	5,716	5,365
Overseas listed equity investments held at fair value through profit or loss	159,255	114,069
Derivative financial instruments – written option contracts	–	(348)
Total value of financial asset investments and derivatives at 31 October	**164,971**	**119,086**
Opening book cost of investments	128,244	121,532
Investment holding (losses)/gains	(9,158)	8,511
Opening fair value	119,086	130,043
Analysis of transactions made during the year:		
Purchases at cost	202,133	122,956
Sales proceeds received	(199,237)	(115,627)
Gain/(loss) on investments	42,989	(18,286)
Closing fair value	164,971	119,086
Closing book cost of investments	147,994	128,244
Closing investment holding gains/(losses)	16,977	(9,158)
Closing fair value	**164,971**	**119,086**
Comprising of:		
– Equity investments	164,971	119,434
– Derivative financial instruments – written option contracts	–	(348)
Total	**164,971**	**119,086**

The Company received £199,237,000 (2020: £115,627,000) from investments sold in the year. The book cost of these investments when they were purchased was £182,383,000 (2020: £116,244,000). These investments have been revalued over time and until they were sold any unrealised gains/(losses) were included in the fair value of the investments.

During the year, transaction costs of £103,000 (2020: £88,000) were incurred on the acquisition of investments. Costs relating to the disposal of investments during the year amounted to £39,000 (2020: £36,000). All transaction costs have been included within the capital reserves.

10. Other receivables

	2021 £'000	2020 £'000
Amounts due from brokers	2,021	507
Prepayments and accrued income	222	257
	2,243	**764**

11. Other payables

	2021 £'000	2020 £'000
Amounts due to brokers	2,000	344
Accruals for expenses and interest payable	1,216	1,073
	3,216	**1,417**

Notes to the financial statements
continued

12. Called up share capital

	Ordinary shares in issue number	Treasury shares number	Total shares number	Nominal value £'000
Allotted, called up and fully paid share capital comprised:				
Ordinary shares of 1 pence each				
At 31 October 2020	79,974,044	20,387,261	100,361,305	1,004
Ordinary shares reissued from treasury	445,000	(445,000)	–	–
Ordinary shares bought back into treasury	(190,000)	190,000	–	–
At 31 October 2021	**80,229,044**	**20,132,261**	**100,361,305**	**1,004**

During the year ended 31 October 2021, the Company reissued 445,000 (2020: 2,805,000) shares from treasury for a total consideration after costs of £886,000 (2020: £5,315,000).

The Company also bought back and transferred 190,000 (2020: 1,230,000) shares into treasury for a total consideration including costs of £295,000 (2020: £1,912,000).

13. Reserves

			Distributable reserves			
	Share premium account £'000	Capital redemption reserve £'000	Special reserve £'000	Capital reserve arising on investments sold £'000	Capital reserve arising on revaluation of investments held £'000	Revenue reserve £'000
At 31 October 2020	44,533	1,460	37,839	47,280	(9,058)	3,352
Movement during the year:						
Total comprehensive income:						
Net profit for the year	–	–	–	15,683	25,803	–
Revenue return for the year	–	–	–	–	–	3,248
Transactions with owners, recorded directly to equity:						
Ordinary shares reissued from treasury	340	–	548	–	–	–
Share issue costs	–	–	(2)	–	–	–
Ordinary shares bought back into treasury	–	–	(294)	–	–	–
Share purchase costs	–	–	(1)	–	–	–
Dividends paid	–	–	–	(339)	–	(6,062)
At 31 October 2021	**44,873**	**1,460**	**38,090**	**62,624**	**16,745**	**538**

			Distributable reserves			
	Share premium account £'000	Capital redemption reserve £'000	Special reserve £'000	Capital reserve arising on investments sold £'000	Capital reserve arising on revaluation of investments held £'000	Revenue reserve £'000
At 31 October 2019	42,596	1,460	36,373	49,921	8,192	3,240
Movement during the year:						
Total comprehensive (loss)/income:						
Net loss for the year	–	–	–	(1,432)	(17,250)	–
Revenue return for the year	–	–	–	–	–	5,367
Transactions with owners, recorded directly to equity:						
Ordinary shares reissued from treasury	1,937	–	3,388	–	–	–
Share issue costs	–	–	(10)	–	–	–
Ordinary shares bought back into treasury	–	–	(1,901)	–	–	–
Share purchase costs	–	–	(11)	–	–	–
Dividends paid	–	–	–	(1,209)	–	(5,255)
At 31 October 2020	**44,533**	**1,460**	**37,839**	**47,280**	**(9,058)**	**3,352**

The share premium account and capital redemption reserve are not distributable profits under the Companies Act 2006. In accordance with ICAEW Technical Release 02/17BL on Guidance on Realised and Distributable Profits under the Companies Act 2006, the special reserve and capital reserve may be used as distributable profits for all purposes and, in particular, the repurchase by the Company of its ordinary shares and for payments as dividends. In accordance with the Company's Articles of Association, special reserves, capital reserves and revenue reserves may be distributed by way of dividend. The capital reserve arising on the revaluation of investments of £16,745,000 (2020: loss of £9,058,000) is subject to fair value movements and may not be readily realisable at short notice, as such it may not be entirely distributable. The investments are subject to financial risks, as such capital reserves (arising on investments sold) and the revenue reserve may not be entirely distributable if a loss occurred during the realisation of these investments.

14. Risk management policies and procedures

The Company's investment activities expose it to various types of risks which are associated with the financial instruments and markets in which it invests. The following information is not intended to be a comprehensive summary of all risks and shareholders should refer to the Alternative Investment Fund Managers' Directive FUND 3.2.2R Disclosures which can be found at www.blackrock.com/uk/brsa for a more detailed discussion of the risks inherent in investing in the Company.

Risk management framework

The following information refers to the risk management framework of the Alternative Investment Fund Manager (AIFM). However, as disclosed in the Corporate Governance Statement on page 61 and in the Statement of Directors' Responsibilities on page 68, it is the ultimate responsibility of the Board to ensure that the Company's risks are appropriately monitored and, to the extent that elements of this are delegated to third party service providers, the Board is responsible for ensuring that the relevant parties are discharging their duties in accordance with the terms of the relevant agreements and taking appropriate action to the extent issues are identified.

The Directors of the AIFM review quarterly investment performance reports and receive semi-annual presentations in person from the Investment Manager covering the Company's performance and risk profile during the year. The AIFM has delegated the day-to-day administration of the investment programme to the Investment Manager. The Investment Manager is also responsible for ensuring that the Company is managed within the terms of its investment guidelines and limits set out in the Alternative Investment Fund Managers' Directive FUND 3.2.2R Disclosures which can be found at www.blackrock.com/uk/brsa.

Notes to the financial statements
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14. Risk management policies and procedures continued
The AIFM is responsible for monitoring investment performance, product risk monitoring and oversight and has the responsibility for the monitoring and oversight of regulatory and operational risk for the Company. The Directors of the AIFM have appointed a Risk Manager who has responsibility for the daily risk management process with assistance from key risk management personnel of the Investment Manager, including members of the Risk and Quantitative Analysis Group (RQA) which is a centralised group which performs an independent risk management function. RQA independently identifies, measures and monitors investment risk and tracks the actual risk management practices being deployed across the Company. By breaking down the components of the process, RQA have the ability to determine if the appropriate risk management processes are in place. This captures the risk management tools employed, how the levels of risk are controlled, ensuring risk/return is considered in portfolio construction and reviewing outcomes.

The AIFM reports to the Audit and Management Engagement Committee twice yearly on key risk metrics and risk management processes. In addition, the Depositary monitors the performance of the AIFM and reports to the Audit and Management Engagement Committee. Any significant issues are reported to the Board as they arise.

Risk Exposures
The risk exposures of the Company are set out as follows:

(a) Market risk
Market risk arises mainly from uncertainty about future values of financial instruments influenced by other price, currency and interest rate movements. It represents the potential loss the Company may suffer through holding market positions in financial instruments in the face of market movements.

A key metric the RQA Group uses to measure market risk is Value-at-Risk (VaR) which encompasses price, currency and interest rate risk. VaR is a statistical risk measure that estimates the potential portfolio loss from adverse market moves in an ordinary market environment. VaR analysis reflects the interdependencies between risk variables, unlike a traditional sensitivity analysis.

The VaR calculations are based on a confidence level of 99% with a holding period of not greater than one day and a historical observation period of not less than one year (250 days). A VaR number is defined at a specified probability and a specified time horizon. A 99% one day VaR means that the expectation is that 99% of the time over a one day period the Company will lose less than this number in percentage terms. Therefore, higher VaR numbers indicate higher risk. It is noted that the use of VaR methodology has limitations, namely assumptions that risk factor returns are normally distributed and that the use of historical market data as a basis for estimating future events does not encompass all possible scenarios, particularly those that are of an extreme nature and that the use of a specified confidence level (e.g. 99%) does not take into account losses that occur beyond this level. There is some probability that the loss could be greater than the VaR amounts. These limitations, and the nature of the VaR measure, mean that the Company can neither guarantee that losses will not exceed the VaR amounts indicated, nor that losses in excess of the VaR amounts will not occur more frequently.

The one-day VaR as of 31 October 2021 and 31 October 2020 (based on a 99% confidence level) was 2.13% and 5.35%, respectively.

(i) Market risk arising from other price risk
Exposure to other price risk
Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting similar financial instruments traded in the market. Local, regional or global events such as war, acts of terrorism, the spread of infectious illness or other public health issues, recessions, or other events could have a significant impact on the Company and the market price of its investments and could result in increased premiums or discounts to the Company's net asset value.

COVID-19 continues to have an impact on the global economy, supply chains and capital markets and could continue to adversely affect the economies of many nations across the entire global economy, individual issuers and capital markets, and could continue to an extent that cannot necessarily be foreseen. In addition, the impact of infectious illnesses in emerging market countries may be greater due to generally less established health care systems. Public health crises caused by the COVID-19 outbreak may exacerbate other pre-existing political, social and economic risks in certain countries or globally. The duration of the COVID-19 outbreak and its effects cannot be determined with certainty.

The Company is exposed to market price risk arising from its equity investments. The movements in the prices of these investments result in movements in the performance of the Company. Other price risk sensitivity has been covered by the VaR analysis under the market risk section above.

The Company's exposure to other changes in market prices at 31 October 2021 on its equity investments was £164,971,000 (2020: £119,434,000).

Use of derivatives

The Company may utilise both exchange traded and over-the-counter derivatives, including, but not limited to, options, as part of its investment policy. Options written by the Company provide the purchaser with the opportunity to purchase from or sell the Company underlying assets at an agreed-upon value either on or before the expiration of the option. Options are generally settled on a net basis.

Management of other price risk

By diversifying the portfolio, where this is appropriate and consistent with the Company's objectives, the risk that a price change of a particular investment will have a material impact on the NAV of the Company is minimised, which is in line with the investment objective of the Company.

Concentration of exposure to market risks

An analysis of the Company's investment portfolio is shown on pages 23 and 24. At 31 October 2021, this shows that the majority of the portfolio is invested in the United States. Accordingly, there is a concentration of exposure to this country, though it is recognised that an investment's country of domicile or its listing does not necessarily equate to its exposure to the economic conditions in that country.

(ii) Market risk arising from foreign currency risk
Exposure to foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign currency sensitivity risk has been covered by the VaR analysis under the market risk section.

The fair values of the Company's monetary items which have foreign currency exposure at 31 October 2021 and 31 October 2020 are shown below. Where the Company's equity investments which are not monetary items are denominated in a foreign currency, they have been included separately in the analysis so as to show the overall level of exposure.

	2021 US Dollar £'000	**2021 Other £'000**	**2020 US Dollar £'000**	**2020 Other £'000**
Receivables (due from brokers, dividends and other income receivable)	2,174	129	742	26
Cash and cash equivalents	606	–	8,002	–
Payables	(2,000)	–	(344)	–
Total foreign currency exposure on net monetary items	**780**	**129**	**8,400**	**26**
Investments and options at fair value through profit or loss	135,591	24,239	100,407	13,318
Total net foreign currency exposure	**136,371**	**24,368**	**108,807**	**13,344**

Management of foreign currency risk

The Investment Manager monitors the Company's exposure to foreign currencies on a daily basis and reports to the Board of the Company on a regular basis.

The Investment Manager measures the risk to the Company of the foreign currency exposure by considering the effect on the Company's net asset value and income of a movement in the exchange rate to which the Company's assets, liabilities, income and expenses are exposed.

The Company does not use financial instruments to mitigate the currency exposure in the period between the time that income is included in the financial statements and its receipt. Derivative contracts are not used to hedge against exposure to foreign currency risk.

Consequently, the Company is exposed to risks that the exchange rate of its reporting currencies relative to other currencies may change in a manner which has an adverse effect on the value of the portion of the Company's assets which are denominated in currencies other than their own currencies.

Notes to the financial statements
continued

14. Risk management policies and procedures continued
(iii) Market risk arising from interest rate risk

Exposure to interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company is exposed to interest rate risk specifically through its cash holdings and its borrowing facility for investment purposes. Interest rate movements may affect the level of income receivable from any cash at bank and on deposits. The effect of interest rate changes on the earnings of the companies held within the portfolio may have a significant impact on the valuation of the Company's investments. Interest rate sensitivity risk has been covered by the VaR analysis under the market risk section.

Interest rate exposure

The exposure at 31 October 2021 and 31 October 2020 of financial assets and liabilities to interest rate risk is shown by reference to:

- floating interest rates – when the interest rate is due to be re-set; and
- fixed interest rates – when the financial instrument is due for repayment.

	2021 Within one year £'000	2020 Within one year £'000
Exposure to floating interest rates:		
Cash and cash equivalents	1,240	8,069

The Company does not have any fixed rate exposure at 31 October 2021 or 31 October 2020.

Interest rates received on cash balances or paid on bank overdrafts, respectively, is set out in the table below.

2021	Interest received %	Interest paid %
US Dollar	0.00	2.000
British Pound Sterling	0.00	1.000

2020	Interest received %	Interest paid %
US Dollar	0.484	2.529
British Pound Sterling	0.141	1.236

Management of interest rate risk

The possible effects on fair value and cash flows that could arise as a result of changes in interest rates are taken into account when making investment decisions and borrowings under the overdraft facility.

The Company finances part of its activities through borrowings at levels approved and monitored by the Board of the Company. The Company, generally, does not hold significant cash balances, with short-term borrowings being used when required. Derivative contracts are not used to hedge against the exposure to interest rate risk.

(b) Counterparty credit risk

Credit risk is the risk that the issuer of a financial instrument will fail to fulfil an obligation or commitment that it has entered into with the Company.

The Company is exposed to counterparty credit risk from the parties with which it trades and will bear the risk of settlement default. Counterparty credit risk to the Company arises from transactions to purchase or sell investments and through option writing transactions on equity investments held within the portfolio.

There were no past due or impaired assets as at 31 October 2021 (31 October 2020: nil).

The major counterparties engaged with the Company are all widely recognised and regulated entities.

Depositary
The Company's Depositary is The Bank of New York Mellon (International) Limited (BNYM or the Depositary) (S&P long-term credit rating as at 31 October 2021: AA- (2020: AA-)). The Company's listed investments are held on its behalf by The Bank of New York Mellon (International) Limited (BNYM) as the Company's custodian (as sub-delegated by the Depositary). All of the equity assets and cash of the Company are held within the custodial network of the global custodian appointed by the Depositary. Bankruptcy or insolvency of the Depositary/Custodian may cause the Company's rights with respect to its investments held by the Depositary/Custodian to be delayed or limited. The maximum exposure to this risk at 31 October 2021 is the total value of equity investments held with the Depositary/Custodian and cash and cash equivalents in the Statement of Financial Position.

In accordance with the requirements of the depositary agreement, the Depositary will ensure that any agents it appoints to assist in safekeeping the assets of the Company will segregate the assets of the Company. Thus, in the event of insolvency or bankruptcy of the Depositary, the Company's non-cash assets are segregated and this reduces counterparty credit risk. The Company will, however, be exposed to the counterparty credit risk of the Depositary in relation to the Company's cash held by the Depositary. In the event of the insolvency or bankruptcy of the Depositary, the Company will be treated as a general creditor of the Depositary in relation to cash holdings of the Company. The Board monitors the Company's risk by reviewing the custodian's internal control reports.

Counterparties/Brokers
The Company only invests directly in markets that operate on a delivery versus payment basis and consequently most investment transactions in listed securities involve simultaneous delivery of securities against cash payment using an approved broker. The risk of default is considered minimal and the trade will fail if either party fails to meet its obligation.

For a few markets that the Company invests in from time to time, although they operate on a delivery versus payment basis, there may be a very short time gap between stock delivery and payment, giving potential rise to counterparty credit risk with the broker in relation to transactions awaiting settlement. Risk relating to unsettled transactions is considered small due to the short settlement period involved and the high credit quality of the brokers used for those markets. The Company monitors the credit rating and financial position of the broker used to further mitigate this risk.

Cash held as security by the counterparty to financial derivative contracts is subject to the credit risk of the counterparty. The following table details the total number of counterparties to which the Company is exposed, the maximum exposure to any one counterparty, the collateral held by the Company against this exposure, the total exposure to all other counterparties and the lowest long-term credit rating of any one counterparty (or its ultimate parent if unrated).

	Total number of counterparties	Maximum exposure to any one counterparty[1]	Collateral held[1]	Total exposure to all other counterparties[1]	Lowest credit rating of any one counterparty[2]
		£'000	£'000	£'000	£'000
2021	3	666	–	2,595	A-
2020	3	8,069	–	507	BBB+

[1] Calculated on a net basis.
[2] S&P ratings.

The Company may also be exposed to counterparty risk should there be any rehypothecation of pledged collateral. Collateral is received/paid where the client service agreement states that there should be collateral movements agreed with the counterparty, where there is a requirement for a mark-to-market process or collateralisation to ensure that the Company is protected against any counterparty default.

Over-the-counter (OTC) financial derivative instruments
During the year ended 31 October 2021 and 2020, the Company wrote covered call option contracts to generate revenue income for the Company. As the call options are covered by dedicated cash or stock resources and no call option contracts were written to manage price risk, there is no impact on the Company's exposure to gearing or leverage as a result of writing covered call options. The notional amount of call options written that were open at 31 October 2021 was £nil (2020: £24,640,000).

Notes to the financial statements
continued

14. Risk management policies and procedures continued

Management of OTC financial derivative instruments

Economic exposure through option writing is restricted such that no more than 20% of the Company's portfolio shall be under option at any given time. Exposures are monitored daily by the Investment Manager and its independent risk management team. The Company's Board also reviews the exposures regularly.

The option positions are diversified across sectors and geographies comprising nil positions as at 31 October 2021 (2020: 171).

The economic exposures to options can be closed out at any time by the Company with immediate effect.

Collateral

The Company engages in activities which may require collateral to be provided to a counterparty (Pledged Collateral). Cash collateral pledged by the Company is separately identified as an asset in the Statement of Financial Position and is not included as a component of cash and cash equivalents. No cash collateral was pledged at 31 October 2021 (2020: £nil). The Company has placed no stock collateral with counterparties as at 31 October 2021 (2020: £18,912,000).

The fair value of securities collateral pledged is reflected in the table below:

	Pledged collateral	
	As at 31 October 2021 £'000	As at 31 October 2020 £'000
Stock collateral	–	18,912

The Company is required to pledge collateral to its counterparties for written call options. If the counterparty defaults or enters an insolvency proceeding, return of the collateral may be delayed or limited. If the fair value of the collateral declines, the Company may be required to post additional collateral to the counterparty. The counterparty has the contractual right to liquidate the collateral in connection with such agreements. If the counterparty defaults or enters an insolvency proceeding, return of the collateral may be delayed or limited. For stock collateral pledged, the Company is exposed to counterparty risk of rehypothecation of pledged collateral. The collateral provided by these counterparties consists of shares admitted to dealing on a regulated market.

Receivables

Amounts due from debtors are disclosed on the Statement of Financial Position as receivables. The counterparties included in receivables are the same counterparties discussed previously under counterparty credit risk and subject to the same scrutiny by the BlackRock RQA Counterparty and Concentration Risk Team (RQA CCR). The Company monitors the ageing of receivables to mitigate the risk of debtor balances becoming overdue.

In summary, the exposure to credit risk at 31 October 2021 and 2020 was as follows:

	2021 3 months or less £'000	2020 3 months or less £'000
Cash and cash equivalents	1,240	8,069
Other receivables (amounts due from brokers, accrued income, dividends and interest receivable)	2,243	764
	3,483	**8,833**

Management of counterparty credit risk
Credit Risk is monitored and managed by RQA CCR. The team is headed by BlackRock's Chief Credit Officer who reports to the Global Head of RQA. Credit authority resides with the Chief Credit Officer and selected team members to whom specific credit authority has been delegated. As such, counterparty approvals may be granted by the Chief Credit Officer, or by identified RQA Credit Risk Officers who have been formally delegated authority by the Chief Credit Officer.

The counterparty/credit risk is managed as follows:

- transactions are only entered into with those counterparties approved by RQA CCR, with a formal review carried out for each new counterparty and with counterparties selected by RQA CCR on the basis of a number of risk mitigation criteria designed to reduce the risk to the Company of default;
- the creditworthiness of financial institutions with whom cash is held is reviewed regularly by the RQA CCR team; and
- the RQA CCR team reviews the credit standard of the Company's brokers on a periodic basis and set limits on the amount that may be due from any one broker.

The Board monitors the Company's counterparty risk by reviewing:

- the semi-annual report from the Depositary, which includes the results of periodic site visits to the Company's Custodian where controls are reviewed and tested;
- the Custodian's Service Organisation Control (SOC 1) reports which include a report by the Custodian's auditor. This report sets out any exceptions or issues noted as a result of the auditor's review of the Custodian's processes;
- the Manager's internal control reports which include a report by the Manager's auditor. This report sets out any exceptions or issues noted as a result of the auditor's review of the Manager's control processes; and
- in addition, the Depositary and the Manager report any significant breaches or issues arising to the Board as soon as these are identified.

Offsetting disclosures
In order to better define its contractual rights and to secure rights that will help the Company mitigate its counterparty risk, the Company may enter into an ISDA Master Agreement or similar agreement with its OTC derivative contract counterparties. An ISDA Master Agreement is an agreement between the Company and the counterparty that governs OTC derivative contracts and typically contains, among other things, collateral posting terms and netting provisions in the event of a default and/or termination event. Under an ISDA Master Agreement, the Company has a contractual right to offset with the counterparty certain derivative financial instruments payables and/or receivables with collateral held and/or posted and create one single net payment in the event of default including the bankruptcy or insolvency of the counterparty. However, bankruptcy or insolvency laws of a particular jurisdiction may impose restrictions on or prohibitions against the right of offset in bankruptcy, insolvency or other events.

At 31 October 2021 and 2020, the Company's derivative assets and liabilities (by type) are as follows:

	At 31 October 2021		At 31 October 2020	
	Assets	Liabilities	Assets	Liabilities
Derivatives	**£'000**	**£'000**	**£'000**	**£'000**
Written option contracts	–	–	–	(348)
Total derivative assets and liabilities in the Statement of Financial Position	–	–	–	(348)
Total assets and liabilities subject to a master netting agreement	–	–	–	(348)

Notes to the financial statements
continued

14. Risk management policies and procedures continued

The following table presents the Company's derivative liabilities by counterparty, net of amounts available for offset, under a master netting agreement and net of any related collateral paid by the Company at 31 October 2021:

Counterparty	Derivative liabilities subject to a master netting agreement by a counterparty £'000	Derivatives available for offset £'000	Non-cash collateral given £'000	Pledged cash collateral £'000	Net amount of derivative liabilities £'000
At 31 October 2021					
Morgan Stanley	–	–	–	–	–
Total as at 31 October 2021	**–**	**–**	**–**	**–**	**–**
At 31 October 2020					
Morgan Stanley	(348)	–	348	–	–
Total as at 31 October 2020	**(348)**	**–**	**348**	**–**	**–**

(c) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulties in meeting obligations associated with financial liabilities. The Company is exposed to the liquidity risk for margin calls on derivative instruments. At the year end, the Company had an overdraft facility of the lower of £20.0 million or 20% of the Company's net assets (2020: lower of £10.0 million or 20% of the Company's net assets). The facility was not utilised during the year.

Liquidity risk exposure

The remaining undiscounted gross cash outflows of the financial liabilities as at 31 October 2021 and 31 October 2020, based on the earliest date on which payment can be required, were as follows:

	2021 3 months or less £'000	2020 3 months or less £'000
Amounts due to brokers, accruals and provisions	3,216	1,417
Derivative financial liabilities held at fair value through profit or loss	–	348
	3,216	**1,765**

Management of liquidity risk

Liquidity risk is minimised by holding sufficient liquid investments which can be readily realised to meet liquidity demands. Asset disposals may also be required to meet liquidity needs. However, the timely sale of trading positions can be impaired by many factors including decreased trading volume and increased price volatility. As a result, the Company may experience difficulties in disposing of assets to satisfy liquidity demands. Liquidity risk is not significant as the Company's assets are investments in listed securities that are readily realisable.

The Company's liquidity risk is managed on a daily basis by the Investment Manager in accordance with established policies and procedures in place. The Investment Manager reviews daily forward-looking cash reports which project cash obligations. These reports allow them to manage their obligations.

For the avoidance of doubt, none of the assets of the Company are subject to special liquidity arrangements.

(d) Valuation of financial instruments

Financial assets and financial liabilities are either carried in the Statement of Financial Position at their fair value (investment and derivatives) or at an amount which is a reasonable approximation of fair value (due from brokers, dividends and interest receivable, due to brokers, accruals, cash at bank and bank overdrafts). IFRS 13 requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The valuation techniques used by the Company are explained in the accounting policies note 2(g) to the Financial Statements on pages 83 and 84.

Categorisation within the hierarchy has been determined on the basis of the lowest level of input that is significant to the fair value measurement of the relevant asset.

The fair value hierarchy has the following levels:

Level 1 – Quoted market price for identical instruments in active markets
A financial instrument is regarded as quoted in an active market if quoted prices are readily available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis. The Company does not adjust the quoted price for these instruments.

Level 2 – Valuation techniques using observable inputs
This category includes instruments valued using quoted prices for similar instruments in markets that are considered less than active, or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Valuation techniques used for non-standardised financial instruments such as options, currency swaps and other over-the-counter derivatives include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity specific inputs.

Level 3 – Valuation techniques using significant unobservable inputs
This category includes all instruments where the valuation technique includes inputs not based on market data and these inputs could have a significant impact on the instrument's valuation.

This category includes instruments that are valued based on quoted prices for similar instruments where significant entity determined adjustments or assumptions are required to reflect differences between the instruments and instruments for which there is no active market. The Investment Manager considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement.

Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability. The determination of what constitutes 'observable' inputs requires significant judgement by the Investment Manager.

Over-the-counter derivative option contracts have been classified as Level 2 investments as their valuation has been based on market observable inputs represented by the underlying quoted securities to which these contracts expose the Company.

Fair values of financial assets and financial liabilities
The table below sets out fair value measurements using the IFRS 13 fair value hierarchy.

Financial assets at fair value through profit or loss at 31 October 2021	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Assets:				
Equity investments	164,971	–	–	164,971
	164,971	**–**	**–**	**164,971**

Financial assets/(liabilities) at fair value through profit or loss at 31 October 2020	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Assets:				
Equity investments	119,434	–	–	119,434
Liabilities:				
Derivative financial instruments – written options	–	(348)	–	(348)
	119,434	**(348)**	**–**	**119,086**

There were no transfers between levels of financial assets and financial liabilities during the year recorded at fair value as at 31 October 2021 and 31 October 2020. The Company did not hold any Level 3 securities throughout the financial year or as at 31 October 2021 (2020: nil).

Notes to the financial statements
continued

14. Risk management policies and procedures continued
(e) Capital management policies and procedures
The Company's capital management objectives are:

- to ensure it will be able to continue as a going concern; and
- to provide an attractive level of income together with capital appreciation over the long term in a manner consistent with the principles of sustainable investing.

This is to be achieved through an appropriate balance of equity capital and gearing. The Company operates a flexible gearing policy which depends on prevailing conditions.

The Company's total capital at 31 October 2021 was £165,334,000 (2020: £126,410,000), comprising a bank overdraft of £nil (2020: £nil) and equity shares, capital and reserves of £165,334,000 (2020: £126,410,000).

Under the terms of the overdraft facility agreement, the Company's total indebtedness shall at no time exceed 20% of the Company's net asset value.

The Board, with the assistance of the Investment Manager, monitors and reviews the broad structure of the Company's capital on an ongoing basis. This review includes:

- the planned level of gearing, which takes into account the Investment Manager's view on the market; and
- the need to buy back equity shares, either for cancellation or to be held in treasury, or the reissue of shares held in treasury which takes account of the difference between the NAV per share and the share price (i.e. the level of share price discount or premium).

The Company is subject to externally imposed capital requirements:

- as a public company, the Company has a minimum share capital of £50,000; and
- in order to be able to pay dividends out of profits available for distribution, the Company has to be able to meet one of the two capital restrictions tests imposed on investment companies by law.

During the year, the Company complied with the externally imposed capital requirements to which it was subject.

15. Related party disclosure
Directors' Emoluments
At the date of this report, the Board consists of five non-executive Directors, all of whom are considered to be independent of the Manager by the Board.

Disclosures of the Directors' interests in the ordinary shares of the Company and fees and expenses payable to the Directors are set out in the Directors' Remuneration Report on pages 53 and 55. At 31 October 2021, £14,000 (2020: £14,000) was outstanding in respect of Directors' fees.

Significant Holdings
The following investors are:

a. funds managed by the BlackRock Group or are affiliates of BlackRock, Inc. (Related BlackRock Funds); or

b. investors (other than those listed in (a) above) who held more than 20% of the voting shares in issue in the Company and are as a result, considered to be related parties to the Company (Significant Investors).

As at 31 October 2021

Total % of shares held by Related BlackRock Funds	Total % of shares held by Significant Investors who are not affiliates of BlackRock Group or BlackRock, Inc.	Number of Significant Investors who are not affiliates of BlackRock Group or BlackRock, Inc.
1.6	n/a	n/a

As at 31 October 2020

Total % of shares held by Related BlackRock Funds	Total % of shares held by Significant Investors who are not affiliates of BlackRock Group or BlackRock, Inc.	Number of Significant Investors who are not affiliates of BlackRock Group or BlackRock, Inc.
1.7	n/a	n/a

16. Transactions with the Investment Manager and AIFM

BlackRock Fund Managers Limited (BFM) provides management and administration services to the Company under a contract which is terminable on six months' notice. BFM has (with the Company's consent) delegated certain portfolio and risk management services, and other ancillary services, to BlackRock Investment Management (UK) Limited (BIM (UK)). Further details of the investment management contract are disclosed in the Directors' Report on pages 46 and 47.

The investment management fee due for the year ended 31 October 2021 amounted to £1,137,000 (2020: £1,001,000). At the year end, £876,000 was outstanding in respect of the management fee (2020: £725,000).

In addition to the above services, BlackRock has provided marketing services. The total fees paid or payable for these services for the year ended 31 October 2021 amounted to £37,000 excluding VAT (2020: £46,000), of which marketing fees of £29,000 excluding VAT (2020: £31,000) were outstanding as at the year end.

The ultimate holding company of the Manager and the Investment Manager is BlackRock, Inc., a company incorporated in Delaware USA.

The Company has an investment in the BlackRock Institutional Cash Series plc – US Dollar Liquid Environmentally Aware Fund of £574,000 (2020: £nil) at the year end, which is a fund managed by a company within the BlackRock Group.

17. Contingent liabilities

There were no contingent liabilities at 31 October 2021 (2020: nil).


LOWE'S
NOW HIRING
1949
1949
1849
NEW LOWER PRICE
1699
NEW LOWER PRICE
1999

Additional information

Within the Consumer Discretionary sector, home improvement retailer Lowe's Companies could potentially compound earnings whilst remaining more immune than others to disruptive forces. Lowe's Companies is the second-largest hardware chain in the world, with more than 2,000 stores in North America.

PHOTO COURTESY OF LOWE'S COMPANIES

Shareholder information

Financial calendar

The timing of the announcement and publication of the Company's results may normally be expected in the months shown below:

February	Annual results and Annual Report and Financial Statements published.
March	Annual General Meeting.
June	Half Yearly figures announced and Half Yearly Financial Report published.

Quarterly dividends

Dividends are paid quarterly as follows:

Period ending	Ex-date	Payment date
31 January	March	April
30 April	May	July
31 July	August	October
31 October	November	January

Payment of dividends

Cash dividends will be sent by cheque to the first-named shareholder at their registered address. Dividends may also be paid direct into a shareholder's bank account via BACSTEL-IP (Bankers' Automated Clearing Service – Telecom Internet Protocol). This may be arranged by contacting the Company's registrar, Computershare Investor Services PLC, through their secure website investorcentre.co.uk, or by telephone on 0370 873 5879, or by completing the Mandate Instructions section on the reverse of your dividend counterfoil and sending this to the Company's registrar, Computershare. Dividend confirmations will be sent to shareholders at their registered address, unless other instructions have been given, to arrive on the payment date.

Dividend reinvestment plan (DRIP)

Shareholders may request that their dividends be used to purchase further shares in the Company. Dividend reinvestment forms may be obtained from Computershare Investor Services PLC, through their secure website investorcentre.co.uk, or by telephone on 0370 873 5879. Shareholders who have already opted to have their dividends reinvested do not need to reapply.

Share prices

The Company's mid-market share price is quoted daily in The Financial Times and The Times under 'Investment Companies' and in The Daily Telegraph under 'Investment Trusts'. The share price is also available on the BlackRock website at blackrock.com/uk/brsa.

ISIN/SEDOL numbers

The ISIN/SEDOL numbers and mnemonic codes for the Company's ordinary shares are:

	Ordinary shares
ISIN	GB00B7W0XJ61
SEDOL	B7W0XJ6
Reuters code	BRSA.L
Bloomberg code	BRSA LN

Dividend tax allowance

The annual tax-free allowance on dividend income across an individual's entire share portfolio is £2,000. Above this amount, individuals pay tax on their dividend income at a rate dependent on their income tax bracket and personal circumstances.

The Company continues to provide registered shareholders with a confirmation of the dividends paid and this should be included with any other dividend income received when calculating and reporting total dividend income received. It is the shareholder's responsibility to include all dividend income when calculating any tax liability.

If you have any tax queries, please contact a financial advisor.

Share dealing

Investors wishing to purchase more shares in the Company or sell all or part of their existing holding may do so through a stockbroker. Most banks also offer this service. Alternatively, please go to www.computershare.com/dealing/uk for a range of dealing services made available by Computershare.

CREST

The Company's shares may be held in CREST, an electronic system for uncertificated securities trading.

Private investors can continue to retain their share certificates and remain outside the CREST system. Private investors are able to buy and sell their holdings in the same way as they did prior to the introduction of CREST, although there may be differences in dealing charges.

Risk factors

- Past performance is not necessarily a guide to future performance.
- The value of your investment in the Company and the income from it can fluctuate as the value of the underlying investments fluctuate.
- The price at which the Company's shares trade on the London Stock Exchange is not the same as their net asset value (NAV) (although they are related) and therefore you may realise returns which are lower or higher than NAV performance.

Electronic proxy voting

Shareholders are able to submit their proxy votes electronically via Computershare's internet site at eproxyappointment.com using their shareholder reference number, control number and a unique identification PIN which will be provided with voting instructions and the Notice of Annual General Meeting.

CREST members who wish to appoint one or more proxies or give an instruction through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST manual. More details are set out in the notes on the Form of Proxy and the Notice of Annual General Meeting.

Nominee code

Where shares are held in a nominee company name, the Company undertakes:

- to provide the nominee company with multiple copies of shareholder communications, so long as an indication of quantities has been provided in advance; and
- to allow investors holding shares through a nominee company to attend general meetings, provided the correct authority from the nominee company is available.

Nominee companies are encouraged to provide the necessary authority to underlying shareholders to attend the Company's general meetings.

Publication of net asset value/portfolio analysis

The net asset value per share (NAV) of the Company is calculated daily, with details of the Company's investments and performance being published monthly.

The daily NAV and monthly information are released through the London Stock Exchange's Regulatory News Service and are available on the BlackRock website at blackrock.com/uk/brsa through the Reuters News Service under the code 'BLRKINDEX', on page 8800 on Topic 3 (ICV terminals) and under 'BLRK' on Bloomberg (monthly information only).

Individual Saving Account (ISA)

ISAs are a tax-efficient method of investment and the Company's shares are eligible investments for inclusion within stocks and shares Individual Savings Accounts. In the 2021/2022 tax year investors have an annual ISA allowance of £20,000 (2020/2021: £20,000) which can be invested in either cash or shares.

Online access

Other details about the Company are available on the BlackRock website at blackrock.com/uk/brsa. The financial statements and other literature are published on the website. Visitors to the website need to be aware that legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in their jurisdiction.

Shareholders can also manage their shareholding online by using Investor Centre, Computershare's secure website, at investorcentre.co.uk. To access Computershare's website you will need your shareholder reference number (SRN) which can be found on paper or electronic communications you have previously received from Computershare. Listed below are the most frequently used features of the website.

- Holding enquiry – view balances, values, history, payments and reinvestments.
- Payments enquiry – view your dividends and other payment types.
- Address change – change your registered address.
- Bank details update – choose to receive your dividend payment directly into your bank account instead of by cheque.
- e-Comms sign-up – choose to receive email notification when your shareholder communications become available instead of paper communications.
- Outstanding payments – reissue payments using the online replacement service.
- Downloadable forms – including dividend mandates, stock transfer, dividend reinvestment and change of address forms.

Shareholder enquiries

The Company's registrar is Computershare Investor Services PLC. Certain details relating to your holding can be checked through the Computershare Investor Centre website. As a security check, specific information needs to be input accurately to gain access to an individual's account. This includes your shareholder reference number, available from your share certificate, dividend confirmation statement or other electronic communications you have previously received from Computershare. The address of the Computershare website is investorcentre.co.uk. Alternatively, please contact the registrar on 0370 873 5879.

Shareholder information
continued

Changes of name or address must be notified in writing either through Computershare's website, or to the registrar at:

Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol BS99 6ZZ

General enquiries
Enquiries about the Company should be directed to:

The Secretary
BlackRock Sustainable American Income Trust plc
12 Throgmorton Avenue
London EC2N 2DL
Telephone: 020 7743 3000
Email: cosec@blackrock.com

Analysis of ordinary shareholders

as at 31 October 2021

By type of holder

	Number of holders	% of total 2021	% of total 2020	Number of shares	% of total 2021	% of total 2020
Individuals	58	9.4	8.5	1,256,457	1.6	1.4
Bank or Nominees	542	88.3	89.1	77,377,966	96.4	98.1
Investment Trust	2	0.3	0.3	1,153,912	1.4	0.0
Insurance Company	1	0.2	0.2	96,446	0.1	0.1
Other Company	7	1.1	1.3	296,838	0.4	0.3
Pension Trust	1	0.2	0.2	1	0.0	0.0
Other Corporate Body	3	0.5	0.4	47,424	0.1	0.1
	614	**100.0**	**100.0**	**80,229,044**	**100.0**	**100.0**

By size of holding

Range	Number of holders	% of total 2021	% of total 2020	Number of shares	% of total 2021	% of total 2020
1-10,000	348	56.7	59.0	1,555,076	1.9	2.2
10,001-100,000	178	29.0	27.4	5,356,620	6.7	6.6
100,001-1,000,000	71	11.5	10.6	27,497,742	34.3	31.9
1,000,001-5,000,000	16	2.6	2.7	36,417,020	45.4	45.2
5,000,000 and above	1	0.2	0.3	9,402,586	11.7	14.1
	614	**100.0**	**100.0**	**80,229,044**	**100.0**	**100.0**

Excludes treasury shares of 20,132,261.

Historical record

Year ended 31 October	Ordinary shares in issue ex. Treasury	Treasury shares	Net assets attributable to ordinary shareholders £'000	Net asset value per ordinary share – undiluted p	Ordinary share price p	Revenue attributable to ordinary shareholders £'000	Revenue earnings per share p	Dividend per share p
2013	99,361,305	–	111,289	112.00	112.50	3,254	4.28	4.00
2014	100,361,305	–	121,199	120.76	112.00	4,256	4.25	4.00
2015	80,039,044	20,322,261	98,046	122.50	113.00	3,833	4.54	4.30
2016	68,949,044	31,412,261	109,479	158.78	155.75	3,730	5.17	4.70
2017	68,874,044	31,487,261	118,295	171.76	160.50	3,731	5.41	4.95
2018	68,874,044	31,487,261	120,945	175.60	169.50	3,556	5.16	8.00
2019	78,399,044	21,962,261	142,786	182.13	186.50	4,338	5.96	8.00
2020	79,974,044	20,387,261	126,410	158.06	145.50	5,367	6.65	8.00
2021	**80,229,044**	**20,132,261**	**165,334**	**206.08**	**198.25**	**3,248**	**4.06**	**8.00**

Management and other service providers

Registered Office
(Registered in England and Wales, No. 8196493)
12 Throgmorton Avenue
London EC2N 2DL

Investment Manager and Secretary
BlackRock Investment Management (UK) Limited[1]
12 Throgmorton Avenue
London EC2N 2DL
Telephone: 020 7743 3000
Email: cosec@blackrock.com

Alternative Investment Fund Manager
BlackRock Fund Managers Limited[1]
12 Throgmorton Avenue
London EC2N 2DL

Depositary, Custodian, Banker and Fund Accountant
The Bank of New York Mellon (International) Limited[1]
One Canada Square
Canary Wharf
London E14 5AJ

Registrar
Computershare Investor Services PLC[1]
The Pavilions
Bridgwater Road
Bristol BS99 6ZY
Telephone: 0370 873 5879

Independent auditors
PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Atria One
144 Morrison Street
Edinburgh
EH3 8EX

Stockbroker
Cenkos Securities plc[1]
6.7.8 Tokenhouse Yard
London EC2R 7AS

Solicitor
Gowling WLG (UK) LLP
4 More London Riverside
London SE1 2AU

[1] Authorised and regulated by the Financial Conduct Authority.

AIFMD disclosures

Report on remuneration

The Alternative Investment Fund Managers' Directive (the AIFMD) requires certain disclosures to be made with regard to the remuneration policy of the Company's Alternative Investment Fund Manager (AIFM). Details of the BlackRock AIFM Remuneration Policy (the Policy) are disclosed on BlackRock's website at blackrock.com/uk/brsa.

Quantitative remuneration disclosures

Disclosures in accordance with FUND 3.3.5, Article 22(2)e and 22(2)f of the AIFMD and Article 107 of the Delegated Regulation are disclosed on the website at blackrock.com/uk/brsa.

Leverage

The Company may employ leverage and borrow cash in accordance with its stated investment policy or investment strategy. The Company may also employ leverage in its investment programme through foreign exchange forward contracts. The use of borrowings and leverage has attendant risks and can, in certain circumstances, substantially increase the adverse impact to which the Company's investment portfolio may be subject.

Consistent with its investment objectives and policy, the Company may utilise a variety of exchange traded and over-the-counter (OTC) derivative instruments such as covered call options as part of its investment policy. The use of derivatives may expose the Company to a higher degree of risk. No derivatives were used for leverage purposes during the year.

For the purposes of this disclosure, leverage is any method by which the Company's exposure is increased, whether through borrowing of cash or securities, or leverage embedded in foreign exchange forward contracts or by any other means. The AIFMD requires that each leverage ratio be expressed as the ratio between a Company's exposure and its NAV, and prescribes two required methodologies, the gross methodology and the commitment methodology (as set out in AIFMD Level 2 Implementation Guidance), for calculating such exposure.

Using the methodologies prescribed under the AIFMD, the leverage of the Company is disclosed in the table below:

	Commitment leverage as at 31 October 2021	Gross leverage as at 31 October 2021
Leverage ratio	1.00	1.00

Other risk disclosures

The financial risk disclosures relating to risk framework and liquidity risk are set out in note 14 to the notes to the Financial Statements.

Pre investment disclosures

The AIFMD requires certain information to be made available to investors in AIFs before they invest and requires that material changes to this information be disclosed in the Annual Report of each AIF. An Investor Disclosure Document, which sets out information on the Company's investment strategy and policies, leverage, risk, liquidity, administration, management fees, conflicts of interest and other shareholder information is available on the website at blackrock.com/uk/brsa.

There have been no material changes (other than those reflected in these financial statements) to this information requiring disclosure. Any information requiring immediate disclosure pursuant to the AIFMD will be disclosed to the London Stock Exchange through a primary information provider.

CAROLINE DRISCOLL
For and on behalf of
BlackRock Investment Management (UK) Limited
Company Secretary
8 February 2022

Information to be disclosed in accordance with Listing Rule 9.8.4

The disclosures below are made in compliance with the requirements of Listing Rule 9.8.4.

9.8.4 (1) The Company has not capitalised any interest in the period under review.

9.8.4 (2) The Company has not published any unaudited financial information in a class 1 circular or prospectus or any profit forecast or profit estimate.

9.8.4 (3) This provision has been deleted.

9.8.4 (4) The Company does not have any long-term incentive schemes in operation.

9.8.4 (5) and (6) No Director of the Company has waived or agreed to waive any current or future emoluments from the Company.

9.8.4 (7) In the year under review, the Company has reissued 445,000 shares from treasury at a premium to NAV at an average price of 199.58p per share and for a total consideration of £888,000 excluding costs.

The Company is a stand-alone entity therefore Listing Rules 9.8.4 (8) and 9.8.4 (9) are not applicable.

9.8.4 (10) There were no contracts of significance subsisting during the period under review to which the Company is a party and in which a Director of the Company is or was materially interested; or between the Company and a controlling shareholder.

9.8.4 (11) This provision is not applicable to the Company.

9.8.4 (12) and (13) There were no arrangements under which a shareholder has waived or agreed to waive any dividends or future dividends.

9.8.4 (14) This provision is not applicable to the Company.

CAROLINE DRISCOLL
For and on behalf of
BlackRock Investment Management (UK) Limited
Company Secretary
8 February 2022

Glossary

Alternative performance measure (APM)

An APM is a measure of performance or financial position that is not defined in applicable accounting standards and cannot be directly derived from the financial statements.

The Company's APMs are set out below and are cross-referenced where relevant to the financial inputs used to derive them as contained in other sections of the Annual Report.

Closed-end company

An investment trust works along the same lines as a unit trust, in that it pools money from investors which is then managed on a collective basis. The main difference is that an investment trust is a company listed on the Stock Exchange and, in most cases, trading takes place in shares which have already been issued, rather than through the creation or redemption of units. As the number of shares which can be issued or cancelled at any one time is limited, and requires the approval of existing shareholders, investment trusts are known as closed end funds or companies. This means that investment trusts are not subject to the same liquidity constraints as open ended funds and can therefore invest in less liquid investments.

Discount and premium*

Investment trust shares can frequently trade at a discount to NAV. This occurs when the share price (based on the mid-market share price) is less than the NAV and investors may therefore buy shares at less than the value attributable to them by reference to the underlying assets. The discount is the difference between the share price and the NAV, expressed as a percentage of the NAV. As at 31 October 2021 the share price was 198.25p (2020: 145.50p) and the NAV 206.08p (2020: 158.06p), the discount was 3.8% (2020: 7.9%) (please see note 8 of the financial statements for the audited inputs to the calculation).

A premium occurs when the share price (based on the mid-market share price) is more than the NAV and investors would therefore be paying more than the value attributable to the shares by reference to the underlying assets. For example, if the share price was 180p and the NAV 178p, the premium would be 1.1%.

Discounts and premiums are mainly the consequence of supply and demand for the shares on the stock market.

Gearing and borrowings

Investment companies can borrow to purchase additional investments. This is called 'gearing'. It allows investment companies to take advantage of a long-term view on a sector or to take advantage of a favourable situation or a particularly attractive stock without having to sell existing investments.

Gearing works by magnifying a company's performance. If a company 'gears up' and then markets rise and returns on the investments outstrip the costs of borrowing, the overall returns to investors will be even greater. But if markets fall and the performance of the assets in the portfolio is poor, then losses suffered by the investor will also be magnified.

The Company may achieve gearing through borrowings or the effect of gearing through an appropriate balance of equity capital and borrowings.

Leverage

Leverage is defined in the AIFM Directive as 'any method by which the AIFM increases the exposure of an AIF it manages whether through borrowing of cash or securities, or leverage embedded in derivative positions or by any other means'.

Leverage is measured in terms of 'exposure' and is expressed as a ratio of net asset value:

$$\text{Leverage ratio} = \frac{\text{Total assets}}{\text{Net assets}}$$

The Directive sets out two methodologies for calculating exposure. These are the Gross Method and the Commitment Method. The treatment of cash and cash equivalent balances in terms of calculating what constitutes an 'exposure' under the AIFMD differs for these two methods. The definitions for calculating the Gross Method exposures require that 'the value of any cash and cash equivalents which are highly liquid investments held in the base currency of the AIF, that are readily convertible to a known amount of cash, are subject to an insignificant risk of change in value and provide a return no greater than the rate of a three-month high quality government bond' should be excluded from exposure calculations.

NAV and share price return (with dividends reinvested)*

Performance statistics enable the investor to make performance comparisons between investment trusts with different dividend policies. The performance measures the combined effect of any dividends paid, together with the rise or fall in the share price or NAV. This is calculated by the movement in the share price or NAV plus the dividends paid by the Company assuming these are reinvested in the Company at the prevailing NAV/Share price (please see note 8 of the financial statements for the audited inputs to the calculations).

* Alternative performance measures.

NAV total return	Page	31 October 2021	31 October 2020	
Closing NAV per share (pence)	88	206.08	158.06	
Add back quarterly dividends (pence)	88	8.00	8.00	
Effect of dividend reinvestment (pence)		0.83	(0.09)	
Adjusted closing NAV (pence)		214.91	165.97	(a)
Opening NAV per share (pence)	88	158.06	182.13	(b)
NAV total return (c = ((a – b)/b)) (%)		**36.0**	**(8.9)**	**(c)**

Share price total return	Page	31 October 2021	31 October 2020	
Closing share price (pence)	88	198.25	145.50	
Add back quarterly dividends (pence)	88	8.00	8.00	
Effect of dividend reinvestment (pence)		0.94	(0.46)	
Adjusted closing share price (pence)		207.19	153.04	(a)
Opening share price (pence)	88	145.50	186.50	(b)
Share price total return (c = ((a – b)/b)) (%)		**42.4**	**(17.9)**	**(c)**

Net asset value per share (Cum income NAV)

This is the value of the Company's assets attributable to one ordinary share. It is calculated by dividing 'equity shareholders' funds' by the total number of ordinary shares in issue (excluding treasury shares). For example, as at 31 October 2021, equity shareholders' funds were worth £165,334,000 (31 October 2020: £126,410,000) and there were 80,229,044 (31 October 2020: 79,974,044) ordinary shares in issue (excluding treasury shares); the undiluted NAV was therefore 206.08p (31 October 2020: 158.06p) per ordinary share (please see note 8 of the financial statements for the audited inputs to the calculations).

Equity shareholders' funds are calculated by deducting from the Company's total assets, its current and long-term liabilities and any provision for liabilities and charges.

Net asset value per share (Capital only NAV)*

The capital only NAV is a popular point of reference when comparing a range of investment trusts. This NAV focuses on the value of the Company's assets disregarding the current period revenue income, on the basis that most trusts will distribute substantially all of their income in any financial period. It is also the measure adopted by the Association of Investment Companies for preparation of statistical data. It is calculated by dividing 'equity shareholders' funds' (excluding current period revenue) by the total number of ordinary shares in issue.

As at 31 October 2021, equity shareholders' funds (excluding current year net revenue) amounted to £164,796,000 (31 October 2020: £125,297,000) and there were 80,229,044 (31 October 2020: 79,974,044) ordinary shares in issue (excluding treasury shares); therefore the capital only NAV was 205.41p (31 October 2020: 156.67p).

Equity shareholders' funds (excluding current period revenue of £164,796,000) are calculated by deducting from the Company's net assets (£165,334,000) its current period revenue (£3,248,000) and adding back the interim dividends paid from current year revenue (£2,710,000).

Ongoing charges ratio*

$$\text{Ongoing charges (\%)} = \frac{\text{Annualised ongoing charges}}{\text{Average undiluted net asset value in the period}}$$

Ongoing charges are those expenses of a type which are likely to recur in the foreseeable future, whether charged to capital or revenue, and which relate to the operation of the investment company as a collective fund. Ongoing charges are based on costs incurred in the year as being the best estimate of future costs and include the annual management charge.

As recommended by the AIC in its guidance, ongoing charges are calculated using the Company's annualised recurring revenue and capital expenses (excluding finance costs, direct transaction costs, custody transaction charges, VAT recovered, taxation and certain non-recurring items) expressed as a percentage of the average daily net assets of the Company during the year.

* Alternative performance measures.

Glossary
continued

The inputs that have been used to calculate the ongoing charges percentage are set out in the following table.

Ongoing charges calculation	Page	31 October 2021 £'000	31 October 2020 £'000	
Management fee	85	1,137	1,001	
Other operating expenses[1]	86	482	451	
Total management fee and other operating expenses		1,619	1,452	(a)
Average daily net assets in the year		152,303	137,506	(b)
Ongoing charges (c = a/b)		**1.06%**	**1.06%**	**(c)**

[1] Excluding non-recurring expenses relating to the change of name of the Company and the update of the Company's investment objective and investment policy of £65,000 incurred during the year ended 31 October 2021.

Options and options overwriting strategy
An option is a contract that offers the buyer the right, but not the obligation, to buy (call) or sell (put) a security or other financial asset at an agreed-upon price (the strike price) during a certain period of time or on a specific date (exercise date) for a fee (the premium). The sale of call or put options on stocks that are believed to be overpriced or underpriced, based on the assumption that the options will not be exercised, is referred to as an 'options overwriting' strategy.

The seller of the option collects a premium but, if the option subsequently expires without being exercised, there will be no downside for the seller. However, if the stock rises above the exercise price the holder of the option is likely to exercise the option and this strategy can reduce returns in a rising market.

The Company seeks to mitigate risk by utilising predominantly covered call options (meaning that call options are only written in respect of stocks already owned within the Company's portfolio such that, if the options are exercised, the Company does not need to purchase stock externally at fluctuating market prices to meet its obligations under the options contract). Any use of derivatives for efficient portfolio management and options for investment purposes will be made on the basis of the same principles of risk spreading and diversification that apply to the Company's direct investments.

Quoted securities and unquoted securities
Quoted securities are securities that trade on an exchange for which there is a publicly quoted price. Unquoted securities are financial securities that do not trade on an exchange and for which there is not a publicly quoted price.

Reference index
The Company's reference index, used for performance comparative purposes is the Russell 1000 Value Index, calculated in Sterling terms with dividends reinvested.

Revenue profit and revenue reserves
Revenue profit is the net revenue income earned after deduction of fees and expenses allocated to the revenue account and taxation suffered by the Company. Revenue reserves is the undistributed income that the Company keeps as reserves. Investment trusts do not have to distribute all the income they generate after expenses. They may retain up to 15% of revenue generated which will be held in a revenue reserve. This reserve can be used at a later date to supplement dividend payments to shareholders.

Treasury shares
Treasury shares are shares that a company keeps in its own treasury which are not currently issued to the public. These shares do not pay dividends, have no voting rights and are not included in a company's total issued share capital amount for calculating percentage ownership. Treasury stock may have come from a repurchase or buy back from shareholders, or it may never have been issued to the public in the first place. Treasury shares may be reissued from treasury to the public to meet demand for a company's shares in certain circumstances.

Yield*
The yield is the amount of cash (in percentage terms) that is returned to the owners of the security, in the form of interest or dividends received from it. Normally, it does not include price variations, distinguishing it from the total return.

	Page	31 October 2021	31 October 2020	
Dividends paid/ payable (pence)[1]	88	8.00	8.00	(a)
Ordinary share price (pence)	88	198.25	145.5	(b)
Yield (c = a/b) (%)		**4.0**	**5.5**	**(c)**

[1] Comprising dividends declared/paid for the twelve months to 31 October.

* Alternative performance measures.

Contents

Annual general meeting

Lamb Weston Holdings produces fries and other frozen potato products for restaurants and consumers in more than 100 countries. The company is at the forefront of strong corporate governance practices, working towards ambitious goals in the fields of people and food safety, sustainable agriculture, climate change, human rights and community engagement.

Notice of annual general meeting

Notice is hereby given that the ninth Annual General Meeting of BlackRock Sustainable American Income Trust plc will be held at the offices of BlackRock at 12 Throgmorton Avenue, London EC2N 2DL on Tuesday, 22 March 2022 at 12.00 noon to consider and, if thought fit, pass Resolutions 1 to 11 inclusive as Ordinary Resolutions and Resolutions 12 to 14 as Special Resolutions.

Ordinary business

1. To receive the report of the Directors of the Company and the financial statements for the year ended 31 October 2021, together with the report of the auditors thereon.

2. To approve the Directors' Remuneration Report for the year ended 31 October 2021, excluding any content relating to the remuneration policy of the Company.

3. That shareholders approve the Company's dividend policy to continue to pay four quarterly interim dividends, which in the year under review have totalled 8.00p per share.

4. To re-elect Simon Miller as a Director.

5. To re-elect Christopher Casey as a Director.

6. To re-elect Alice Ryder as a Director.

7. To re-elect Melanie Roberts as a Director.

8. To reappoint PricewaterhouseCoopers LLP as auditors of the Company to hold office until the conclusion of the next Annual General Meeting of the Company.

9. To authorise the Audit and Management Engagement Committee to determine the auditors' remuneration.

Special business

Ordinary resolutions.

10. That the Company shall continue in being as an investment trust.

11. That, in substitution for all existing authorities, the Directors of the Company be and they are hereby generally and unconditionally authorised pursuant to Section 551 of the Companies Act 2006 (the Act), to exercise all the powers of the Company to allot relevant securities in the Company (as described in that section) up to an aggregate nominal amount of £80,229 (being 10% of the aggregate nominal amount of the issued ordinary share capital, excluding treasury shares, of the Company at the date of this notice), provided this authority shall (unless previously revoked) expire at the conclusion of the Annual General Meeting to be held in 2023, but the Company shall be entitled to make offers or agreements before the expiry of this authority which would or might require relevant securities to be allotted after such expiry and the Directors may allot such securities pursuant to any such offer or agreement as if the power conferred hereby had not expired.

Special resolutions

12. That, in substitution for all existing authorities and subject to the passing of resolution numbered 11 above, the Directors of the Company be and are hereby empowered pursuant to Sections 570 and 573 of the Companies Act 2006 (the Act) to allot equity securities (as defined in Section 560 of the Act) and to sell equity securities held by the Company as treasury shares (as defined in Section 724 of the Act) for cash pursuant to the authority granted by the resolution numbered 11 above, as if Section 561(1) of the Act did not apply to any such allotments and sales of equity securities, provided that this power:

    (a) shall expire at the conclusion of the next Annual General Meeting of the Company to be held in 2023, except that the Company may before such expiry make offers or agreements which would or might require equity securities to be allotted or sold after such expiry and notwithstanding such expiry the Directors may allot and sell equity securities in pursuance of such offer or agreements;

    (b) shall be limited to the allotment of equity securities and/or the sale of equity securities held in treasury for cash up to an aggregate nominal amount of £80,229 (representing 10% of the aggregate nominal amount of the issued share capital, excluding treasury shares, of the Company at the date of this notice); and

    (c) shall be limited to the allotment of equity securities at a price of not less than the net asset value per share as close as practicable to the allotment or sale.

13. That in substitution for the Company's existing authority to make market purchases of ordinary shares of 1p each in the Company (Ordinary Shares), the Company be and is hereby generally and, subject as hereinafter appears, unconditionally authorised in accordance with Section 701 of the Companies Act 2006 (the Act) to make market purchases of Ordinary Shares (within the meaning of Section 693 of the Act) provided that:

    (a) the maximum number of Ordinary Shares hereby authorised to be purchased shall be 12,026,333 or, if less, that number of Ordinary Shares which is equal to 14.99% of the Company's issued ordinary share capital (excluding treasury shares) at the date of the Annual General Meeting;

(b) the minimum price (exclusive of expenses) which may be paid for any such Ordinary Share shall be 1p being the nominal value per share;

(c) the maximum price (exclusive of expenses) which may be paid for any such Ordinary Share shall be the higher of (i) 105% of the average of the middle market quotations (as derived from the Official List) of the Ordinary Shares for the five dealing days prior to the date on which the market purchase is made and (ii) the higher of the price quoted for (a) the last independent trade of and (b) the highest independent bid for, any number of Ordinary Shares on the trading venue where the purchase is carried out; and

(d) unless renewed, the authority hereby conferred shall expire at the conclusion of the next Annual General Meeting of the Company in 2023 save that the Company may, prior to such expiry, enter into a contract to purchase Ordinary Shares under the authority hereby conferred and may make a purchase of Ordinary Shares pursuant to any such contract notwithstanding such expiry.

All Ordinary Shares purchased pursuant to the above authority shall be either:

(i) held, sold, transferred or otherwise dealt with as treasury shares in accordance with the provisions of the Act; or

(ii) cancelled immediately upon completion of the purchase.

14. That, subject to the approval of the High Court of Justice in England and Wales, the amount standing to the credit of the share premium account of the Company be cancelled and credited to a distributable reserve.

By order of the Board

CAROLINE DRISCOLL
For and on behalf of the Board
BlackRock Investment Management (UK) Limited
Company Secretary
8 February 2022

Registered Office:
12 Throgmorton Avenue
London EC2N 2DL

Notice of annual general meeting

continued

Notes:

1. A member entitled to attend and vote at the meeting convened by the above Notice is entitled to appoint one or more proxies to exercise all or any of the rights of the member to attend, speak and vote in his place. A proxy need not be a member of the Company. If a member appoints more than one proxy to attend the meeting, each proxy must be appointed to exercise the rights attached to a different share or shares held by the member.
2. To appoint a proxy, you may use the Form of Proxy enclosed with this Notice of Annual General Meeting. To be valid, the Form of Proxy, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified or office copy of the same, must be completed and returned to the office of the Company's registrar in accordance with the instructions thereon as soon as possible and in any event by not later than 12.00 noon on 18 March 2022 (Saturdays, Sundays and public holidays excepted). Amended instructions must also be received by the Company's registrar by the deadline for receipt of Forms of Proxy. Alternatively, you can vote or appoint a proxy electronically by visiting eproxyappointment.com. You will be asked to enter the Control Number, the Shareholder Reference Number and PIN which are printed on the Form of Proxy. The latest time for the submission of proxy votes electronically is 12.00 noon on 18 March 2022 (Saturdays, Sundays and public holidays excepted).
3. Completion and return of the Form of Proxy will not prevent you from attending the meeting and voting in person.
4. Proxymity Voting – if you are an institutional investor you may also be able to appoint a proxy electronically via the Proxymity platform, a process which has been agreed by the Company and approved by the Registrar. For further information regarding Proxymity, please go to www.proxymity.io. Your proxy must be lodged by 12.00 noon on 18 March 2022 (Saturdays, Sundays and public holidays excepted) in order to be considered valid. Before you can appoint a proxy via this process you will need to have agreed to Proxymity's associated terms and conditions. It is important that you read these carefully as you will be bound by them and they will govern the electronic appointment of your proxy.
5. Any person receiving a copy of this Notice as a person nominated by a member to enjoy information rights under section 146 of the Companies Act 2006 (a Nominated Person) should note that the provisions in Notes 1 and 2 above concerning the appointment of a proxy or proxies to attend the meeting in place of a member, do not apply to a Nominated Person as only ordinary shareholders have the right to appoint a proxy. However, a Nominated Person may have a right under an agreement between the Nominated Person and the member by whom he or she was nominated to be appointed, or to have someone else appointed, as proxy for the meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may have a right under such agreement to give instructions to the member as to the exercise of voting rights at the meeting.
6. Nominated Persons should also remember that their main point of contact in terms of their investment in the Company remains the member who nominated the Nominated Person to enjoy the information rights (or perhaps the custodian or broker who administers the investment on their behalf). Nominated Persons should continue to contact that member, custodian or broker (and not the Company) regarding any changes or queries relating to the Nominated Person's personal details and interest in the Company (including any administrative matter). The only exception to this is where the Company expressly requests a response from the Nominated Person.
7. Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, only ordinary shareholders registered in the register of members of the Company by not later than 6.00 p.m. on 18 March 2022 shall be entitled to attend and vote at the meeting in respect of the number of shares registered in their name at such time. If the meeting is adjourned, the time by which a person must be entered on the register of members of the Company in order to have the right to attend and vote at the adjourned meeting is 6.00 p.m. two days prior to the time of the adjournment. Changes to the register of members after the relevant times shall be disregarded in determining the rights of any person to attend and vote at the meeting.
8. In the case of joint holders, the vote of the senior holder who tenders a vote whether in person or by proxy shall be accepted to the exclusion of the votes of the other joint holders and, for this purpose, seniority will be determined by the order in which the names stand in the register of members of the Company in respect of the relevant joint holding.
9. Shareholders who hold their shares electronically may submit their votes through CREST, by submitting the appropriate and authenticated CREST message so as to be received by the Company's Registrar not later than 12.00 noon on 18 March 2022 (Saturdays, Sundays and public holidays excepted). Instructions on how to vote through CREST can be found by accessing the following website: euroclear.com/CREST. Shareholders are advised that CREST and the internet are the only methods by which completed proxies can be submitted electronically.
10. If you are a CREST system user (including a CREST personal member) you can appoint one or more proxies or give an instruction to a proxy by having an appropriate CREST message transmitted. To appoint one or more proxies or to give an instruction to a proxy (whether previously appointed or otherwise) via the CREST system, CREST messages must be received by Computershare (ID number 3RA50) not later than 12.00 noon on 18 March 2022 (Saturdays, Sundays and public holidays excepted). For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp generated by the CREST system) from which Computershare is able to retrieve the message. CREST personal members or other CREST sponsored members should contact their CREST sponsor for assistance with appointing proxies via CREST. For further information on CREST procedures, limitations and system timings please refer to the CREST manual. The Company may treat as invalid a proxy appointment sent by CREST in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
11. If the Chairman, as a result of any proxy appointments, is given discretion as to how the votes subject of those proxies are cast and the voting rights in respect of those discretionary proxies, when added to the interest in the Company's securities already held by the Chairman, result in the Chairman holding such number of voting rights that he has a notifiable obligation under the Disclosure Guidance and Transparency Rules, the Chairman will make the necessary notifications to the Company and the Financial Conduct Authority. As a result, any member holding 3% or more of the voting rights in the Company, who grants the Chairman a discretionary proxy in respect of some or all of those voting rights and so would otherwise have a notification obligation under the Disclosure Guidance and Transparency Rules, need not make a separate notification to the Company and the Financial Conduct Authority.
12. Any question relevant to the business of the meeting may be asked at the meeting by anyone permitted to speak at the meeting. A shareholder may alternatively submit a question in advance by a letter addressed to the Company Secretary at the Company's registered office. Under Section 319A of

the Companies Act 2006, the Company must answer any question a shareholder asks relating to the business being dealt with at the meeting, unless (i) answering the question would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information; (ii) the answer had already been given on a website in the form of an answer to a question; or (iii) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

13. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that, if it is appointing more than one corporate representative, it does not do so in relation to the same shares. It is therefore no longer necessary to nominate a designated corporate representative.

14. Under Section 527 of the Companies Act 2006, members meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to:

    (i) the audit of the Company's accounts (including the auditors' report and the conduct of the audit) that are laid before the meeting; or

    (ii) any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with Section 437 of the Companies Act 2006.

    The Company may not require the members requesting such website publication to pay its expenses in complying with Sections 527 or 528 of the Companies Act 2006. Where the Company is required to place a statement on a website under Section 527 of the Companies Act 2006, it must forward the statement to the Company's auditors not later than the time when it makes the statement available on the website. The business which may be dealt with at the meeting includes any statement that the Company has been required under Section 527 of the Companies Act 2006 to publish on a website.

15. Further information regarding the meeting which the Company is required by Section 311A of the Companies Act 2006 to publish on a website in advance of the meeting (including this Notice), can be accessed at blackrock.com/uk/brsa.

16. As at 8 February 2022 (being the last practicable date prior to the publication of this Notice of Annual General Meeting), the Company's issued share capital comprised 80,229,044 ordinary shares of 1p each, excluding shares in treasury. Each ordinary share carries the right to one vote and therefore the total number of voting rights in the Company as at 8 February 2022 is 80,229,044.

17. No service contracts exist between the Company and any of the Directors, who hold office in accordance with letters of appointment and the Articles of Association.

Share fraud warning

Be ScamSmart

Investment scams are designed to look like genuine investments

Spot the warning signs

Have you been:

- **contacted out of the blue**
- **promised tempting returns and told the investment is safe**
- **called repeatedly, or**
- **told the offer is only available for a limited time?**

If so, you might have been contacted by fraudsters.

Avoid investment fraud

1. **Reject cold calls**
If you've received unsolicited contact about an investment opportunity, chances are it's a high risk investment or a scam. You should treat the call with extreme caution. The safest thing to do is to hang up.

2. **Check the FCA Warning List**
The FCA Warning List is a list of firms and individuals we know are operating without our authorisation.

3. **Get impartial advice**
Think about getting impartial financial advice before you hand over any money. Seek advice from someone unconnected to the firm that has approached you.

Report a scam

If you suspect that you have been approached by fraudsters please tell the FCA using the reporting form at **www.fca.org.uk/consumers.** You can also call the FCA Consumer Helpline on **0800 111 6768**

If you have lost money to investment fraud, you should report it to Action Fraud on 0300 123 2040 or online at www.actionfraud.police.uk

Find out more at **www.fca.org.uk/scamsmart**

Remember: if it sounds too good to be true, it probably is!

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